ANNUAL REPORT 2010

Geographic footprint

	South Africa	International
Revenue	R4,08 billion	R507 million
Operating profit	R851,6 million	R35,6 million

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www.raubex.co.za

Divisions

Roadmac

Revenue R1,98 billion

Operating Profit R405,4 million

Raubex Construction (incl. International)

Revenue R1,59 billion

Operating Profit R263,1 million

Raumix

Revenue R1,02 billion

Operating Profit R218,7 million

Profile

Operating since 1974 and listed on the JSE Limited in March 2007, Raubex is firmly entrenched as a leader in road construction, rehabilitation and associated infrastructure developments across southern Africa.

Through its Raumix subsidiary, the company also produces and supplies crushed aggregate to the broader construction and mining industries.

Operating in **South Africa, Namibia, Zambia and Malawi**

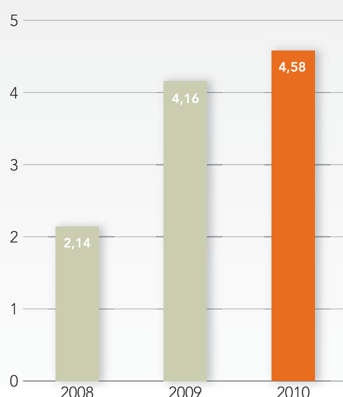
Employing **6 100 people**

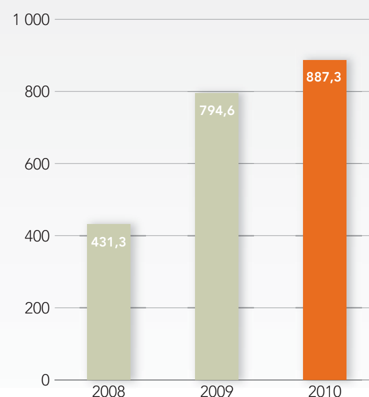
Generating **R4,58 billion of revenue**

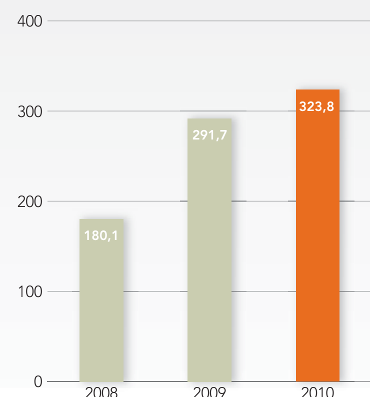
Celebrating **3 years as a listed company**

Highlights

- Satisfactory results despite challenging trading conditions
- Continued good performance across all three divisions
- Margins stabilising
- International drive progressing
- Management restructuring completed
- Stable short term order book







Group Structure

RAUBEX GROUP

MATERIALS

Tobias (Tobie) Wiese (58)
Managing Director, Raumix
Hons BEng (Civil) PrEng

Tobie joined Raubex in 2008 following the acquisition of B&E International and was subsequently appointed Managing Director of Raumix.

As the Managing Director of B&E International since 1992, Tobie gathered significant experience in the crushing and mining fields. Prior to that, he also worked for LTA Civils and Earthworks, where he held various positions including that of Managing Director.

ROADS

Louis Raubenheimer (43)
Managing Director
Raubex Construction
BEng (Civil)

Louis joined Raubex in 1992 as a site engineer and was appointed Managing Director of the division in 2002.

He has built his experience through the successful management of road construction projects over the past 17 years.

He played a key role in the development of the plant division of the company and actively participated in the consolidation of the group during the past five years.

Board of Directors

Non-executive directors — at 1 March 2010

Jacobus (Koos) Esaias Raubenheimer (67)
Non-Executive Director
BSc Eng (Civil) Pr Eng

Koos founded Raubex in 1974 and has acted as Managing Director/Chief Executive Officer since inception. Prior to this, Koos served as an engineer with the Free State and Kruger National Park roads departments. He has over 45 years of construction experience, including valuable experience gained in steering Raubex successfully through challenging markets.

Leslie (Les) Arthur Maxwell (63)
Independent Non-Executive Director
CA(SA)

Les joined Raubex as an independent non-executive director in 2007. He currently holds the position of Financial Director of JCI Limited.
Les has held over a 19-year period, directorships with Fralex, Fraser Alexander and Joy Manufacturing Co, where he also held the position of Financial Director.

Mbali Bekiso Swana (53)
Non-Executive Director
BAS (UCT) (BArch) (UCT)

Mbali was appointed as a non-executive director in 2005. He is currently Managing Director of Prop 5 Corporation, a consolidation of the property consulting and the project and construction management firms he founded in the 1990s and through which he implemented the procurement system of correctional facilities and started the development of PPPs.

Freddie Kenney (55)
Non-Executive Director

Freddie joined Raubex as Director and shareholder in 2004 through the empowerment transaction with Kenworth. He is widely regarded as a versatile and talented Bloemfontein businessman, with interests in low-cost housing development, retail development and construction.

Non-executive directors

Marake Collin Matjila (49)
Non-Executive Chairperson
BA (Law) (University of Lesotho), LLB (University of Witwatersrand), MAP (Harvard University)

Collin has held various leadership positions in the ANC, including Chairperson of the Executive Committee until April 2000. In May 2000 he was appointed Chief Executive Officer of Kopano Ke Matla Investment Company, the investment arm of COSATU.
He currently also serves as Chairperson of the National Energy Regulator of South Africa.

Executive directors

Francois Diedrechsen (38)
Finance and Commercial Director
BCompt (Hons)

Francois joined the group in 2004 after concluding Raubex's empowerment transaction with Matlapeng, which he established and where he held the position of Chief Executive Officer. He was appointed as a director in 2006 and led the restructuring and strategic planning of Raubex with a view to the eventual listing. Prior to Matlapeng, Francois was Chief Executive Officer of JIC Mining and Construction.

Rudolf Johannes Fourie (44)
Chief Executive Officer
N Dip Marketing Management

Rudolf has 21 years experience in road surfacing and the bitumen industry. He joined Raubex in 1997 as Managing Director of the newly formed Roadmac Surfacing, which has grown under his management to become the leading surfacing company in South Africa.
He became Chief Executive Officer on 01 March 2010.
Before Raubex Rudolf worked as regional manager for the Colas Group.

Chairman's report

"Although we expect the short term to be demanding, our long-term outlook remains positive with a number of concession contracts currently in the pipeline in South Africa whilst additional opportunities are presenting themselves across the SADC region."

Collin Matjila
Chairman

Despite the challenging trading conditions experienced over this last year, we are pleased with the overall performance and resulting growth in both profitability and revenue. Raubex has continued to consolidate as a key player in the construction sector and remains an exciting proposition for investors both locally and abroad.

Raubex staff and management have always played a pivotal role in the advancement of this company, and we have seen a number of management changes instigated over the last twelve months.

Koos Raubenheimer, the founder of Raubex, has retired from his role as Chief Executive Officer and will assume a non-executive role on the board. We look forward to his continued guidance. Rudolf Fourie has now assumed the role of CEO with a strong operational focus. Francois Diedrechsen remains in place as Financial and Commercial Director. At a divisional level, the roads and maintenance operations will be headed by Louis Raubenheimer whilst the materials operations will be headed by Tobie Wiese.

Operationally the past year was marked by a number of factors including inclement weather in South Africa's northern provinces and Zambia. We also saw a marked increase in the interest shown by small and large construction companies in the roads infrastructure sector.

This is not new to Raubex and similar cycles have happened numerous times in the group's history. We firmly believe that scale, vertical integration and market position are key factors in navigating through such periods successfully and we have no doubt that we will do so once again.

Despite this increased competition and the negative impact on operating margins, the volume of tenders remains stable and we have successfully maintained a healthy order book with satisfactory margins throughout. An important factor to consider when looking at our order book is the fact that only guaranteed work is reflected which adds significant certainty to our future outlook.

The last twelve months have also seen the group deliver on its stated intent to carefully increase its footprint across southern Africa. I am therefore pleased to report that all work in Namibia is progressing extremely well and that we have successfully entered Malawi. More geographies are being explored constantly with considerable emphasis being placed on sustainability and long-term prospects rather than the 'hit-and-run' approach which was common in the industry over a decade ago.

The current economic environment remains uncertain and we expect this to continue for some time notwithstanding signs of recovery now filtering through as shown by the increase in mining activities driven by higher commodity prices.

Financial highlights

Raubex has once again produced a satisfactory set of results, growing both revenue and earnings whilst maintaining its order book.

Revenue increased 10,1% to R4,58 billion and operating profit increased 11, 7% to R887,3 million from the corresponding prior period. Earnings per share increased 12,6% to 325,6 cents with headline earnings per share increasing 11% to 323,8 cents.

Capital expenditure on fixed assets to the value of R252,4 million was incurred during the year ended 28 February 2010.

The group generated operating cash flows of R793,1 million, down 17,8% from the prior period before finance charges and taxation. Cash generation was negatively affected by an increase in working capital due to delayed payments from certain clients.

Total cash and cash equivalents at the end of the period amounted to R494,7 million .

BEE/transformation

Transformation throughout the South African economy is a priority for Raubex and we are committed to strategic empowerment and change. Our industry is pivotal in the creation of employment and the development of marketable skills to ensure sustainability across communities.

Our BEE credentials remain high for the industry and our employment equity programme has proved successful in

ensuring measurable and mutually beneficial improvements across the organisation.

We will continue to roll out our skills development programmes across the group whilst focusing on strict procurement criteria and the creation of true opportunities across all the regions in which we operate.

Corporate governance

The board of directors maintains high standards of corporate governance and is committed to applying effective principles in line with the requirements of the King Code in both letter and spirit throughout Raubex.

Raubex's approach to corporate governance strives to be stakeholder inclusive, based on good communication and is integrated into every aspect of the business.

The composition and competence of the members serving on various board committees continues to receive attention and the directors have pro-actively taken steps to ensure that all the elements required to make Raubex fully compliant with the recommendations of the Code have been implemented.

Prospects

Government`s commitment to large capital expenditure is expected to continue as demonstrated by various capital infrastructure budgets. The increasingly deteriorating conditions across the provincial and municipal road networks should also see government and local authorities place additional emphasis on this essential infrastructure to sustain economic recovery.

Although we expect the short term to be demanding, our long-term outlook remains positive with a number of concession contracts currently in the pipeline in South Africa whilst additional attractive opportunities are presenting themselves across the region where we are looking to reproduce our successful business model.

We remain confident that our healthy financial position and extended footprint sets us well for the challenging year ahead.

Appreciation

I would like to congratulate Rudolf Fourie on his appointment as CEO with effect from 1 March 2010 but also to thank Koos Raubenheimer for providing excellent leadership as CEO. We look forward to continuing to work closely with Koos in his capacity as non-executive director on the board of Raubex. His experience and passion for the business will no doubt be invaluable as we position the group for the next phase of growth.

On behalf of the board, I would like to thank everyone at Raubex, management and staff alike, for their considerable efforts and contribution during the past year. The delivery of a very commendable performance would not have been possible without your support.

I would also like to extend my thanks to the other board members for their commitment and counsel throughout the year, as well as customers and suppliers for their loyal support.

Collin Matjila
Chairman

CEO's report

"Ongoing government expenditure remains a key driver for Raubex and the healthy demand level of tenders combined with encouraging maintenance budgets from SANRAL position the group well."

Koos Raubenheimer
Chief Executive Officer

It is with pleasure that I report on a continued strong performance by Raubex Group amidst a year marked by difficult trading conditions. Now in our fourth year as a listed company, we have continued to grow our business financially, operationally and geographically with Raubex now enjoying a firmly entrenched position in the southern African construction arena.

Having retired in March 2010, this is my last statement in an executive capacity. I am confident that the careful succession plans rolled out across the group have been successful and that Raubex continues to be in the hands of a strong team of managers with the skills and entrepreneurial spirit that have underlined the success of this group over the years.

I welcome Mr Rudolf Fourie as my successor. He has a long and successful track record with the group having grown the maintenance and rehabilitation operations into the country's leader, gaining over 50% of the market. I have every confidence in his capability to continue to lay a successful path for Raubex whilst I plan to remain involved with the company in a non-executive capacity.

Going forward, the Roads division, which will include the activities of Roadmac and Raubex Construction, will be overseen by Louis Raubenheimer whilst all materials related operations, including asphalt manufacturing, will be under the control of Tobie Wiese. This will ensure optimal efficiency and flexibility for operational managers whilst allowing for adequate levels of control and management at group level.

2010 is a very significant year for South Africa and although the Soccer World Cup celebrations will be over by the time you read this report, the legacy of the infrastructure boom experienced in South Africa will not. I feel very proud to have witnessed so many world class engineering projects being successfully undertaken with initial phases delivered in time for the world to witness. From the Gautrain to the upgrading of major highways and airports as well as the birth of some of the world's best looking stadia; this country has demonstrated its capability to deliver on any challenges.

This is only the beginning and should economic drivers continue to improve, we expect additional infrastructure projects to come on stream across both SADC and South Africa whilst municipal and provincial governments should also begin to place more necessary emphasis on essential infrastructure maintenance and upgrading.

Operating environment

Despite the apparent turnaround in the economy, we are still navigating an environment which carries a fair amount of uncertainty in both the short and medium terms. Visibility around full recovery is not clear and we expect this process to take some time.

Our industry has always operated in cycles and decades of experience have shown that boom times are often followed by much leaner years. That said, it is pleasing to see that the volume of tenders has remained stable over the past 12 months. As indicated previously, the apparent attractiveness of roads construction led to increased competition which resulted in a slight pressure on margins which are stabilising as expected.

Beyond South Africa, Raubex has followed a cautious strategy of expansion into select countries that meet stringent investment criteria. Our current international footprint has grown steadily and includes operations in Namibia, Zambia and Malawi whilst other opportunities are constantly being explored.

Extreme seasonal rains in South Africa's northern provinces and also in Zambia resulted in significant delays on a number of contracts. Whilst the impact was felt in these results, the work is now being carried out with a number of new contracts having been secured in the past few months.

Ongoing government expenditure remains a key driver of group revenue and the healthy demand level of tenders combined with encouraging maintenance budgets from SANRAL position the group well whilst we await progress on key projects such the N1 N2 Winelands and the second phase of the GFIP towards the end of 2011.

Financial overview

Revenue increased 10,1% to R4,58 billion and operating profit increased 11,7% to R887,3 million from the corresponding prior period. Profit before tax increased 13,4% to R858,6 million.

Earnings per share increased 12,6% to 325,6 cents with headline earnings per share increasing 11% to 323,8 cents.

Group operating profit margin increased 1,6% to 19,4% (2009: 19,1%).

The group generated operating cash flows of R793,1 million before finance charges and taxation. Cash generation was negatively affected by an increase in working capital due to delayed payments from the Road Development Agency in Zambia.

Trade receivables increased 65,8% to R977,7 million as a result of the increase in accounts due by the Roads Development Agency in Zambia and South African Provincial Government accounts that were collected post balance sheet date.

Capital expenditure on fixed assets to the value of R252,4 million was incurred during the year ended 28 February 2010.

The group's depreciation charge for the period increased 45% to R225 million from the corresponding prior period as a result of the increased level of capital expenditure incurred in the prior year and a change in accounting estimate of the useful economic lives of plant and equipment. This change in accounting estimate has given rise to an additional depreciation charge of R39,4 million during the period.

Total cash and cash equivalents at the end of the period amounted to R494,7 million.

Total cash outflow for the period was R81,7 million. Net cash outflow on acquisition of subsidiaries and business combinations amounted to R49,9 million. The cash outflow attributable to income tax payments increased by 50% to R300,1 million (2009: R200 million). This increase in tax payments is as a result of an amendment to the Income Tax Act which has affected the timing of provisional tax payments.

Expenses related to the share incentive scheme amounted to R12,8 million during the period.

Divisional overview

Roadmac

Roadmac is a specialist in the manufacturing and laying of asphalt, chip and spray, surface dressing and slurry seals.

Roadmac continues to be the largest contributor to group revenue although its performance for the year was impacted by the increased competition in light rehabilitation resulting in a slight decrease in margins to 20,5% (2009: 21,1%).

Unusually high rainfalls also caused delays in the execution of some work, particularly in the Gauteng region and in Zambia where surfacing teams were deployed to assist with the completion of key contracts entering final stages during the latter part of the year. This work has now been completed and the teams were redeployed on South African contracts whilst orders which were previously postponed have now been carried out during the new financial year.

Revenue for the division decreased 3,4% to R1,98 billion (2009: R2,05 billion) and operating profit by 5,9% to R405,4 million (2009: R431 million).

The division currently operates at full capacity but the impact of new work being completed at lower margins due to increased competition will become more evident in 2011. We expect this to be mitigated by the improved margins realised on the asphalt production side to result in divisional margins levelling out at around 18% in 2011.

The new Olifantsfontein asphalt plant was successfully commissioned in September 2009, bringing the group's total production capacity to 1 750kts. The asphalt production responsibilities have been transferred to Raumix to improve efficiencies although the plants' financial contributions will continue to be reflected within the Roadmac division accounts.

The division incurred capital expenditure of R79,5 million during the year (2009: R90,4 million).

The division has secured a healthy order book of R2,1 billion going into 2011 with demand for asphalt in the Gauteng market remaining strong. Internationally, the division is

expected to grow its exposure directly in line with the group's increased footprint and associated demand for maintenance.

Raubex Construction

Raubex Construction is the road and civil infrastructure construction division focused on the key areas of new road construction (green fields) and heavy road rehabilitation.

The division performed well and operated at full capacity for most of the year as a result of major work around Gauteng and the Namibian contracts coming in full swing.

Revenue for the division increased 44,8% to R1,59 billion (2009: R1,09 billion) whilst operating profit increased 84,4% to R263,2 million (2009: R142,7 million).

The divisional margins increased to 16,6% (2009: 13%) and are expected to stabilise within the 13% to 15% range going forward.

The division incurred capital expenditure of R73,9 million during the year (2009: R74,8 million).

Whilst the environment is expected to remain very competitive in the short term resulting in slightly lower margins, Raubex Construction will continue to ensure that it maintains a healthy order book (currently R1,8 billion), particularly through its growing international exposure.

Higher margin work parcels on existing contracts are now coming through which should result in solid earnings and revenue growth in the current year. Further away, ongoing negotiation around concessions and related major work, including the N1 N2 Winelands project in the Western Cape and the second phase of the GFIP, will underpin sustained growth locally.

Raumix

Raumix is the materials division of the group with its core focus spread over three areas including contract crushing, production of aggregates for the commercial market and materials handling for the mining industry.

The division delivered a very satisfying performance in the prevailing market conditions with revenue for the division remaining flat at R1,02 billion (2009: R1,02 billion) and operating profit decreasing by only 1% to R218,7 million (2009: R220,9 million).

Operating margin remained constant at 21,4% (2009: 21,6%) and the division incurred capital expenditure of R99 million during the period (2009: R217,6 million).

As expected, the general residential and construction building markets have remained depressed with only weak signs of the residential segment having bottomed out coming through in the past few months. We expect recovery in this area to remain fairly slow.

Despite this our commercial quarry operations have continued to benefit from infrastructure projects around Gauteng whilst B&E International performed well during the first half of the year, but experienced a reduced order book in the second half and more pressure on margins.

The materials handling operations of SPH Kundalila continue to be profitable and appear to be favoured by the current economic conditions with stable revenue streams being reported. Mining activities are starting to show signs of recovery and two previously cancelled diamond related contracts were revived post year end.

Demand continues to be closely linked to the recovery in the residential and commodity sectors. It is also expected that water infrastructure and low-cost housing programmes will begin to feature more strongly in the years ahead.

Raubex Construction International

Southern Africa continued to present numerous opportunities over the last twelve months with solid progress made across the board in spite of the negative impact of heavy rains and Kwacha/Rand exchange rates on Zambian contracts.

All contracts in Namibia showed good progress with additional work secured and permanent sites now established. In addition, the group entered Malawi during the year to undertake a European-backed roads contract

In Zambia, operations were sustained and a number of surfacing teams were dispatched to complete key contracts. Going forward, the group will seek to secure new contracts in hard currencies to ensure that these can be hedged back to the Rand and result in more predictable earnings.

Revenue was up 57,6% to R507 million, which accounted for 11,1% of the group total, and operating profit increased to R35,6 million, accounting for 4% of the group total. Operating margins decreased to 7%.

We will continue to actively explore all opportunities in the southern African region that offer attractive prospects whilst meeting our investment criteria of transparency across all local agencies and an adequate level of control over the supply chain.

Prospects

As the sector enters a transitional phase, we expect the next twelve months to be challenging and marked by increased pressure on margins as competition continues to intensify. The drive over the past 18 months to build a strong order book (R4,7 billion secured) will allow us to navigate this period as we continue to tender aggressively on attractive work packages.

Overall, our long-term outlook is positive although highly dependent on the sustained government infrastructure spend. In this regard, SANRAL's committed expenditure

plans supported by increased pressure to improve provincial and municipal infrastructure spend bode well for the group.

Although the general construction and residential market remains weak, mining activities are recovering and social infrastructure programmes are expected to increase in the medium term. Water-related infrastructure contracts are also beginning to feature more strongly for Raubex.

Finally, public private partnerships, including large concession plans such as the N1 N2 Winelands Project, which will be awarded in the coming months, the second phase of the GFIP due to kick off in late 2011 and the long awaited N2 Wild Coast Project are net positive for Raubex's future regardless of the nature of its involvement. We are actively working with our chosen partners to ensure that we take full advantage of these opportunities.

Dividend

The sustained strong cash generation across the group resulted in a final dividend of 75 cents per share being declared, bringing the total dividend to 110 cents per share for the full year. This is in line with the dividend policy of three times cover stated upon listing.

Appreciation

Raubex has been like a child to me and I have enjoyed every moment throughout its growth into a mature and established player in a highly competitive and demanding industry.

Of course, this is in no small part due to the dedication of every single staff member over the past 36 years and I would like to extend my thanks and appreciation to every member of staff right from the beginning.

Raubex is in very capable hands and I have no doubt that the business will continue to build on the excellent foundation to grow from strength to strength.

Koos Raubenheimer
Chief Executive Officer

Corporate governance

General

Good corporate governance is an integral part of the Raubex operation. Raubex is therefore committed to being an excellent, responsibly managed "corporate citizen". In order to achieve this, the directors accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the company.

The purpose of the King Code is to promote the highest level of corporate governance in South Africa. In supporting the code, the directors recognise the need to conduct the business of the group with integrity and in accordance with accepted corporate practices. The board is of the opinion that Raubex substantially complies with the applicable requirements of the King Code, the provisions of the Companies Act together with the promulgated regulations and the JSE Securities Exchange Rules for listed companies. King III was officially launched in September 2009 with some significant additional recommendations on enhanced corporate governance and reporting for companies that subscribe to it. The board is in the process of analysing the additional recommendations and will implement them where appropriate.

Board

At the date of this Annual Report, Raubex had a unitary board with seven directors, two executive directors and five non-executive directors, one of whom is independent. A clear balance exists between executive directors and non-executive directors.

The board conducts its business in the best interest of the company and ensures that the group performs in the best interest of the stakeholders. Corporate governance plays a pivotal role in the way board meetings are constituted. The Board is also the focal point of the company's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the company.

The board's responsibility includes providing Raubex with clear strategic direction, ensuring that there is adequate succession planning at senior levels, overseeing operational performance and management, determining policies and procedures which seek to ensure the integrity of Raubex's risk management and internal controls, implementing and maintaining Raubex's communication policy and overseeing director selection, orientation and evaluation.

The value of the services of Raubex's non-executive directors lies in their ability to view the company's affairs and problems objectively, since they are not involved in the day-to-day business of Raubex.

Raubex's non-executive directors bring an independent view to the board's decision making on issues such as strategy performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance. The executive directors have fixed terms of appointment and all the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at least every three years, in accordance with Raubex's articles of association.

The board meets at least four times a year with additional meetings called if necessary or so desired. Information relevant to a meeting is supplied on a timely basis to the Board ensuring directors make well-informed and reasoned decisions. The directors have unrestricted access to the company secretary and, where applicable, may seek the advice of independent professionals on matters concerning the affairs of Raubex.

Chairman and chief executive officer

The roles of the chairman and the chief executive officer are separate and they operate under separate mandates issued by the board. This differentiates the division of responsibility within the company and ensures a balance of authority.

Collin Matjila, a non-executive director, chairs the board. The Chairman is responsible for providing leadership to the board, overseeing its efficient operation and ensuring good corporate governance practices.

The Chief Executive Officer is entrusted with the power to transact the company's day-to-day affairs. He is responsible for the management of Raubex's business and its operation in line with the policies and strategic objectives set and agreed to by the board. The Chief Executive circulates to the board, at board meetings, a report on the performance of the group and any other material matters. He reports on how the group has performed following the monthly meeting of the executive team which manages the group's business from day to day. Koos Raubenheimer retired from his position as Chief Executive Officer at the end of this financial year and Rudolf Fourie is now entrusted with the role of the Chief Executive Officer.

Directors of Raubex

MC Matjila (Chairman)#
RJ Fourie (Chief Executive Officer from 1 March 2010)
F Diedrechsen
JE Raubenheimer# (Non-executive from 1 March 2010)
F Kenney#
MB Swana#
L Maxwell*

 # Non-executive
** Independent non-executive*

Independence of the board of directors

The board of directors' independence is maintained by:

- keeping the roles of chairman and chief executive officer separate;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the group;
- all directors having access to the advice and services of the company secretary;
- all directors, with prior permission by the board, being entitled to seek independent professional advice on the affairs of the group at the group's expense;

- functioning board committees comprising mainly non-executive directors; and
- the appointment or dismissal of the company secretary being decided by the board as a whole and not by one individual director.

Interests in contracts and conflicts of interest

Directors are required to inform the board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters. Directors are also required to disclose their other directorships at least annually and to inform the board when any changes occur.

Insurance

Adequate directors' insurance cover has been taken out by the group. No claims under the relevant policy were lodged during the year under review.

Board meetings

Attendance register – quarterly board meetings since the Annual Report 2009.

	29 July 2009	5 November 2009	18 February 2010	7 May 2010
CM Matjila	^	^	^	^
RJ Fourie (Appointed 2 October 2009)	–	^	^	^
F Diedrechsen	^	^	^	^
JE Raubenheimer	^	^	^	X
GM Raubenheimer (Resigned 2 October 2009)	^	–	–	–
F Kenney	^	^	^	^
MB Swana	^	X	^	^
L Maxwell	^	^	^	^

^ Present X Absent – not a director at the time

Board committees

The board of directors has delegated specific responsibilities to board committees, each with their own terms of reference that define their powers and duties, which is reviewed annually. The board committees meet independently and report back to the board through their various chairmen.

Audit Committee

Les Maxwell, an independent non-executive director, chairs the Audit Committee. The committee consists of three non-executive directors, one of whom is independent.
The current members are:

- LA Maxwell
- CM Matjila
- F Kenney

The committee meets at least four times a year and the chairman reports to the board on activities of the committee. To ensure that the committee can effectively comply with its terms of reference, the external auditors and the executives responsible for internal audit and risk attend the meetings as invitees. The committee performs the role of Audit Committee for the subsidiaries of the group.

The Audit Committee is responsible for assisting the board in fulfilling its responsibility in respect of financial reporting issues. It also has a responsibility to ensure that management has implemented and maintained an effective control environment.

The committee's terms of reference include the following key responsibilities:

- to review the effectiveness of the group's systems of internal control, including internal financial control and business risk management, and to ensure that effective internal control systems are maintained;
- to assist the board in fulfilling its responsibilities in respect of financial reporting issues, compliance with laws and regulations, risk management and development;
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment of their independence;
- to evaluate the independence, effectiveness and performance of the external auditors and to obtain assurance from the auditors that adequate accounting records are being maintained;
- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated; and
- to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate.

The Audit Committee also sets the principles for recommending the use of the external auditors for non-audit purposes, which include:

- tax services;
- corporate restructuring;
- merger and acquisition advice; and
- training.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is chaired by Les Maxwell, an independent non-executive director. The committee consists of four members, three non-executive directors one of whom is independent, and one executive director. The current members are:

- L Maxwell
- C Matjila
- F Kenney
- F Diedrechsen

The committee meets at least twice a year and is responsible for assisting the board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, providing for succession planning, assessing the effectiveness of the board, individual directors' performance and assisting the board in new appointments to the board.

In order to appoint a new director, the board will make proposals of candidates, which proposals will be followed up with curricula vitae and interviews conducted by the board. The board will then make an appointment, which is subject to shareholders' approval at the next annual general meeting.

The role of the committee is, *inter alia*, the following:

- to determine the remuneration, incentive arrangements and benefits of the executive directors of the company, including pension rights and any compensation payments;
- to determine the remuneration of the Chairman of the Board;
- to determine the remuneration of the non-executive directors of the board;
- to recommend and monitor the level and structure of remuneration of senior executive employees (as identified to the committee by the board of the company and its principal operating subsidiaries);
- to consider and decide upon such other matters as the board may refer to it;
- to review, at least annually, the committee's performance and terms of reference; and
- assisting the board in the appointments of new directors to the board.

Executive Committee

Members

- RJ Fourie (Chairman)
- F Diedrechsen
- GM Raubenheimer
- TG Wiese
- LJ Raubenheimer
- JF Gibson

Composition and meeting procedures

The Executive Committee is chaired by the CEO and has regular input from executives from operations, finance, human resources, compliance, shareholder relations and special projects. Meetings are held once a month.

The committee is responsible for strategy, planning and operations of the group.

Share dealing

The group has imposed closed periods prior to the publication of its interim and year-end financial results. The closed periods are from 1 September and 1 March until publication of the half and full year results respectively. During these periods, the directors, officers and defined employees of the group may not deal in Raubex shares.

In addition, directors and senior employees may not trade in the group's shares during any period where they have access to unpublished price-sensitive information. To ensure effective compliance, it is a requirement that no trade in Raubex securities may take place outside of the closed periods without the prior written approval from the Chairman for non-executive directors, and the Commercial Director for executive directors and officers of the group.

Directors, officers and defined employees are required to instruct their portfolio or investment managers not to trade in the securities of Raubex without their written consent. They are required to advise the Company Secretary immediately after the trade has taken place, who will then report the transaction to the JSE Limited through the Stock Exchange News Service (SENS) within one working day. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the board on a quarterly basis.

Company Secretary

To enable her to properly fulfil her duties, the Company Secretary has been fully empowered by the board and has complete access to people and required resources. The Company Secretary plays an important role in supporting the board of the company. She also provides a central source of guidance and advice to the board and within the company on matters of business ethics and good corporate governance. Relevant information on new regulations and legislation relating to directors is tabled when necessary. The directors have unlimited access to the advice and services of the Company Secretary.

The Company Secretary ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered.

The Company Secretary ensures compliance with the rules and listing requirements of the JSE Limited. The Company Secretary administers the share option scheme and complies with the statutory requirements of the company and its subsidiaries in South Africa.

Together with the Chairman, the Company Secretary is involved in ensuring that good information flows within the Board and its committees and between senior management and the non-executive directors.

Directors and officers of the company keep the Company Secretary advised of all their dealings in securities of the company according to well-defined rules and procedures.

Internal audit

Internal audit is an independent function established by the board to evaluate the adequacy and effectiveness of controls, disciplines, systems and procedures to reduce business risk to an acceptable level all in a cost-effective manner.

The internal audit function is an integral part of the corporate governance regime of Raubex. The internal audit function also evaluates the company's risk management, internal control and corporate governance processes to ensure that they are adequate and are functioning correctly.

Ethics

Raubex is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all applicable laws, regulations and policies of the company.

Stakeholder communication and relations

The group has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. There are responsive systems of governance and practice, which the board and management regard as appropriate.

Communication with institutional shareholders and investment analysts is maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the pro-active dissemination of any messages considered relevant to investors.

The company maintains a website that contains up-to-date information at www.raubex.co.za.

Environment

Raubex recognises that its activities have an impact on the environment. Raubex has adopted a strategy that strives to minimise this impact by regularly reviewing its activities and compliance with all relevant legislation. Raubex also partakes in compliance measuring systems using external auditing bodies, which are carried out twice yearly.

Health and safety

Safety, health, environment and quality (SHEQ) are integral pillars in the group's business model. Raubex is committed to a safe and healthy working environment and ensures strict compliance with the South African Occupational Health and Safety Act 1993 and regulations. Safety standards on all sites were of a high standard throughout the year. A Health and Safety Officer (HSO) is appointed for each project in question. He/she is responsible for identifying potential hazards, risks and ensuring the appropriate steps are taken to address and eliminate these, including necessary training to Health and Safety representatives.

In addition to this, during the year staff receive formal as well as on-the-job health and safety training, which includes:

- basic fire fighting;
- basic first aid;
- Health and Safety representative;
- incident and accident investigation; and
- safety induction training.

Our biggest challenge remains entrenching the understanding that safety, health, environment and quality is the responsibility of all, and not only a specific department or individual. Our incident management procedure is being continually reviewed to streamline the process of accident management on site.

Occupational and societal health and HIV/AIDS

Raubex considers statutory legislation as a minimum requirement. Where specific risks are identified, every effort is made to remove the source or control it to acceptable levels. All business units apply construction regulation requirements and conduct operator medicals.

Raubex recognises the value of its employees and aims to promote a supportive environment for HIV-infected employees and/or employees with AIDS or any other life-threatening disease. Raubex is also committed to ensuring that the workplace is safe and free from stigmatisation and discriminatory practices.

In terms of the group's policy, HIV/AIDS is treated like any other life-threatening disease. The policy is available and may be accessed by all employees. This is aimed at a further reduction in the incidents of societal health problems.

Human resources

Employment equity

Raubex has a clearly defined employment equity strategy aimed at realising the potential of previously disadvantaged people in South Africa. Raubex is committed to promoting equity and diversity throughout the group, with special focus on its South African operations where every effort is made to increase the percentage of previously disadvantaged individuals, especially at management level. The Paterson grading system is used, categorising employees from Grade F for senior executives to Grade A for unskilled labour. The group's EE policy, which was revised in 2009, expressly prohibits any form of unfair discrimination. The group's EE forum monitors employment practices on an ongoing basis to ensure that no form of unfair discrimination takes place. The EE forum is obliged to conduct a yearly audit to enable them to complete the annual EE report which is submitted to the Department of Labour.

Training

The establishment of a dedicated training centre for the group has injected new energy and focus into training. As the company progresses through new growth phases, the need for well-trained and suitably qualified artisans and road construction leaders has increased proportionally. Thus the number of diesel apprentices has increased by 68%. A pilot scheme was launched to train 20 road construction learners on NQF level 2. Eighteen learners concluded the course, which was run under supervision of the Construction SETA. The training centre received full accreditation by MERSETA and is fully functional, serving as a training facility for all diesel and civil trainees.

Organisational development

The continued growth of Raubex Group is ensured by the well-established training culture. A number of civil as well as mechanical engineering students are engaged to gain their one year experiential training through the group. Acceleration training has always been part of the training programme. Mentorship programmes as well as on-the-job training is in place and constantly monitored.

Corporate Social Investment

CSI is a key component of Raubex's business strategy. The group believes it is crucial for businesses to play a positive role in the communities within which they operate and views CSI not merely as a compliance issue, but as a business imperative. The group's CSI programmes are mainly structured around skills development, education and reconstructive support to victims. The group is of the opinion that it can be most effective in ensuring the transformation of South Africa within these areas.

The following projects were supported by the Raubex Group during the period:

Tsepang Educare Trust

The aim of this organisation is to provide educare programmes to rural communities by:

- providing women in underserved areas on farms and small towns with ongoing training, enabling them to set up their own properly organised educare centres;
- providing support training programmes to enable women to become leaders who can make a positive contribution to their communities;
- preparing children for learning and socialising them for democracy; and
- providing parent support to continue the development of the child in the home.

Auksano

The purpose of Auksano is to provide reconstructive long-term Christian therapy and support to victims of destructive subcultures as well as their families and to act preventatively, via the transfer of knowledge, to the community and public. The multi professional approach includes:

- crisis intervention as required;
- occult/drug support programmes;
- trauma counselling/therapy;
- parent and family support groups;
- unique drug rehabilitation programme;
- HIV/AIDS prevention talks and counselling; and
- spiritual growth groups.

i-Read

i-Read focuses on the development of reading and learning skills of Grade 12 learners in 2010. During this project, eight schools participated in the reading programme. The reading programme was implemented during the first two terms of 2010 in order to provide the best academic support for their final matriculation examinations.

Reading Development at Dr. Blok

The purpose of this project is the development of reading at the Dr. Blok School in Heidedal, Bloemfontein. The school has been identified by the Provincial Department of Education as a school that is "underperforming". The project aims to equip teachers to deal with reading problems at the school and to train teachers to teach reading. It is encouraging to know that the school's results have improved significantly as a result of the implementation of this project.

Annual financial statements

The reports and statements set out below comprise the financial statements presented to the shareholders:

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Statement of responsibility by the board of directors

for the year ended 28 February 2010

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 18.

The financial statements set out on pages 20 to 82, which have been prepared on the going concern basis, were approved by the board of directors on 7 May 2010 and are signed on its behalf by:

RJ Fourie
Chief Executive Officer

F Diedrechsen
Financial and Commercial Director

Statement of compliance by the Company Secretary

I certify that in accordance with section 268G(d) of the Companies Act, 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Mrs HE Ernst
Company secretary

7 May 2010

Independent auditor's report

To the Members of Raubex Group Limited

Report on the consolidated financial statements

We have audited the group annual financial statements and annual financial statements of Raubex Group Limited, which comprise the consolidated and separate statement of financial position as at 28 February 2010, and the consolidated and separate income statements, the consolidated statement of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 20 to 82.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Raubex Group Limited as at 28 February 2010 and its consolidated and separate financial performance and its consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: DA Foster
Registered Auditor

7 May 2010

Audit Committee report

During the year under review the Audit Committee of Raubex Group Limited comprised three non-executive directors, the chairman of the committee being independent.

The Audit Committee acts under the authority of the board of directors. The most important role and function of the Audit Committee is to satisfy the board that sufficient financial and management controls exist, and that all fundamental corporate risks are being identified and receive the necessary attention.

The Companies Act requires that the Audit Committee must annually nominate independent external auditors for appointment as auditors of the group. The Audit Committee decides on the terms of the appointment of the auditors as well as the remuneration payable to them, and must pre-approve any instruction for non-audit services.

The Audit Committee discusses and advises the board on the following matters:

- The separate and consolidated annual financial statements, reporting, disclosure and accounting policies;
- External audit planning and reports for both the interim and final audits, as well as the independence of the auditors;
- The internal audit mandate as well as internal audit planning and reports;
- Compliance with legal requirements and the codes of corporate governance;
- Communication with executive management and the auditors; and
- The effectiveness of management information and internal control systems.

The Audit Committee meets at least quarterly. These meetings are attended by the external auditors, internal auditors and senior managers on invitation.

In terms of the provisions of section 3.84(i) of the JSE Listing Requirements, the Audit Committee hereby confirms that they are satisfied with the expertise and experience of the Financial Director.

Independence of the auditors

In terms of the provisions of section 270(1)(f) of the Companies Act, it is hereby declared that the external auditors, PricewaterhouseCoopers Inc, are independent of the company and its subsidiaries.

LA Maxwell
Chairman of the Audit Committee

7 May 2010

Directors' report

This report presented by the directors is a constituent document of the group consolidated financial statements at 28 February 2010.

Nature of business

Raubex Group Limited is an investment holdings company with interests in the road construction, rehabilitation and associated infrastructure development sectors including the supply of aggregates to the construction industry. The company does not trade and all of its activities are undertaken through a number of subsidiaries, associates and joint ventures. Details of the major operating subsidiaries, associate companies and joint ventures are disclosed in notes 7, 42 and 43 of the group financial statements.

Group financial results

Group earnings attributable to owners of the parent for the year ended 28 February 2010 were R594,6 million (2009: R525,9 million), representing basic earnings per share of 325,6 cents (2009: 289,2 cents). Headline earnings per share were 323,8 cents (2009: 291,7 cents).

Full details of the financial position and results of the group are set out in these financial statements.

Share capital

Full details of the authorised and issued capital of the company at 28 February 2010 are set out in note 14 of these financial statements.

There were no new shares issued during the current year (2009: 10 096 922 ordinary shares of 1 cent each at a total share premium of R309 885 879).

Share scheme

Full details of the share scheme are set out in note 29 of these financial statements.

Dividend

The following dividends were declared during the year ended 28 February 2010.

Final dividend number 4 of 70 cents per ordinary share (2009: 40 cents per share)
Interim dividend number 5 of 35 cents per ordinary share (2009: 30 cents per share)

A final dividend in respect of the year ended 28 February 2010 of 75 cents per ordinary share was declared after the year end. These financial statements do not reflect this dividend payable.

Business combinations

Anchor Park Investments 71 (Pty) Limited

On 1 March 2009 the group acquired 100% of the share capital and loan account of Anchor Park Investments 71 (Pty) Limited for R35 million cash. The acquired company owns a Pilatus PC12 aircraft which will provide flight services to the group and facilitate the group's SADC expansion. The company's name has subsequently been changed to Raubair (Pty) Limited.

The business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC

On 1 September 2009 the group through its dormant company Forward Infra (Pty) Limited acquired the business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC as a going concern for R6,1 million cash. The acquired businesses specialise in road marking and the supply of road studs in the KwaZulu Natal region. If the acquisition had occurred on 1 March 2009, contributions to group revenue would have been R17,2 million and net profit of R0,03 million.

The business of Mbogoto Mining CC

On 1 February 2010 the group through Raumix Aggregates (Pty) Limited acquired the business of Mbogoto Mining CC as a going concern for R8,3 million cash. The acquired business consists of a quarrying operation near Harding in KwaZulu Natal. If the acquisition had occurred on 1 March 2009, contributions to group revenue would have been R14 million and net profit of R1,2 million. It is the group's intention to erect an asphalt plant on the site and realise the synergies between the supply of aggregates and asphalt production.

Details of these acquisitions are set out in note 36 of these financial statements, while details of all subsidiaries are set out in note 42 of these financial statements.

Capital commitments

Details of capital commitments are set out in note 35 of these financial statements.

Property, plant and equipment

There have been no major changes in the nature of the assets of the group during the year or in the policy relating to their use.

A review of the useful lives and residual values of plant and equipment has resulted in a change in accounting estimate during the current year. This change in estimate has resulted in an increase in the depreciation charge for the current year of R39,4 million which is expected to recur over the remaining useful lives of the assets.

Capital expenditure for the year amounted to R252,4 million (2009: R382,8 million).

Property, plant and equipment acquired through the acquisition of subsidiaries amounted to R46 million (2009: R356,6 million).

Contingencies

On 10 April 2008 the group acquired 100% of the share capital of Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited for R50 million. The purchase price is subject to an adjustment after expiry of a profit warranty period ending 31 August 2010. The total purchase price is limited to a maximum of R90 million. The increased purchase consideration will only be determined once the interim results of the acquired entity for the six months ending 31 August 2010 have been audited.

Post balance sheet events

There were no material post balance sheet events to report up to the date of preparation of these group financial statements.

Directorate and secretary

The names of the directors and secretary are set out on the inside back cover of these financial statements.

Interests of directors in the share capital

Details of ordinary shares held directly and indirectly per individual director are listed below as at 28 February 2010. No share options have been allocated to directors.

	2010 Number of shares	2009 Number of shares
Beneficial		
Direct and indirect		
MC Matjila	**1 980 000**	1 980 000
RJ Fourie	**4 037 526**	4 037 526
F Diedrechsen	**3 650 000**	3 650 000
MB Swana	**1 980 000**	1 980 000
F Kenney	**20 615 384**	20 615 384
LA Maxwell	**16 000**	16 000
Non-beneficial		
Direct and indirect		
JE Raubenheimer	**25 000 000**	25 000 000
GM Raubenheimer (resigned)	**2 385 765**	2 385 765

At date of this report, these interests remained unchanged.

Shareholder spread

The company has one class of listed share. Detail of the company's authorised and issued share capital are set out in note 14 of these financial statements.

The shareholder spread at 28 February 2010 is summarised as follows:

	Number of shares	**% held**
Management	**84 415 768**	**46,2**
Public	**98 207 815**	**53,8**
Total shares	**182 623 583**	**100,0**

Non-public shareholders at 28 February 2010 are summarised as follows:

	Number of shares	**% of total**
Directors of the company	**57 278 910**	**31,3**
Directors of subsidiaries	**18 035 264**	**9,9**
Employees	**9 101 594**	**5,0**
Total shares	**84 415 768**	**46,2**

Shareholder's interests > 5%	**Number of shares**	**% of total**
Raubenbel (Pty) Limited	**25 000 000**	**13,7**
Business Venture Investments 918 (Pty) Limited	**22 000 000**	**12,0**
Kenworth (Pty) Limited	**20 615 384**	**11,3**
Fidelity International	**18 101 147**	**9,9**
Public Investment Corporation	**10 105 148**	**5,5**

Auditors

PricewaterhouseCoopers Inc will continue in office in accordance with section 270 (2) of the Companies Act.

Group statement of financial position

at 28 February 2010

	Notes	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1 243 360**	1 212 941
Intangible assets	6	**723 824**	724 289
Investment in associates	7	**324**	6 854
Deferred income tax assets	19	**35 568**	28 398
Trade and other receivables	10	**497**	728
Total non-current assets		**2 003 573**	1 973 210
Current assets			
Inventories	8	**123 983**	123 074
Construction contracts in progress and retentions	9	**220 098**	171 232
Trade and other receivables	10	**977 675**	589 823
Current income tax receivable		**6 412**	3 285
Derivative financial instruments	11	**–**	1 167
Cash and cash equivalents	12	**494 669**	588 345
Total current assets		**1 822 837**	1 476 926
Assets of disposal group classified as held for sale	13	**–**	3 000
Total assets		**3 826 410**	3 453 136
EQUITY			
Equity			
Share capital	14	**1 826**	1 826
Share premium	14	**2 139 632**	2 139 632
Other reserves	15	**(1 139 446)**	(1 148 471)
Retained earnings		**1 263 340**	855 995
Equity attributable to owners of the parent		**2 265 352**	1 848 982
Minority interest in equity	16	**4 344**	6 957
Total equity		**2 269 696**	1 855 939
LIABILITIES			
Non-current liabilities			
Borrowings	17	**263 906**	394 060
Provisions for liabilities and charges	18	**12 624**	14 215
Deferred income tax liabilities	19	**206 268**	207 999
Total non-current liabilities		**482 798**	616 274
Current liabilities			
Trade and other payables	20	**736 316**	624 636
Borrowings	17	**269 671**	256 887
Current income tax liabilities		**67 929**	87 444
Bank overdrafts	12	**–**	11 956
Total current liabilities		**1 073 916**	980 923
Total liabilities		**1 556 714**	1 597 197
Total equity and liabilities		**3 826 410**	3 453 136

The notes on pages 27 to 67 are an integral part of these group financial statements.

Group income statement

for the year ended 28 February 2010

	Notes	2010 R'000	2009 R'000
Revenue	21	**4 582 883**	4 162 780
Cost of sales	24	**(3 508 522)**	(3 148 561)
Gross profit		**1 074 361**	1 014 219
Other income	22	**27 327**	8 024
Other gains/(losses) – net	23	**3 902**	(24 448)
Administrative expenses	24	**(218 327)**	(203 201)
Operating profit		**887 263**	794 594
Finance income	25	**36 837**	42 630
Finance costs	25	**(65 544)**	(79 841)
Finance costs – net	25	**(28 707)**	(37 211)
Share of profit of associates	7	**20**	84
Profit before income tax		**858 576**	757 467
Income tax expense	26	**(266 269)**	(228 613)
Profit for the year		**592 307**	528 854
Attributable to:			
Owners of the parent		**594 643**	525 852
Minority interest	16	**(2 336)**	3 002
		592 307	528 854
Basic earnings per share (cents)	30	**325,6**	289,2
Diluted earnings per share (cents)	30	**323,6**	285,8

The notes on pages 27 to 67 are an integral part of these group financial statements.

Group statement of comprehensive income

for the year ended 28 February 2010

	Notes	2010 R'000	2009 R'000
Profit for the year		**592 307**	528 854
Other comprehensive income for the year, net of tax			
Currency translation differences		**(3 813)**	(6 541)
Total comprehensive income for the year		**588 494**	522 313
Attributable to:			
Owners of the parent		**590 830**	519 311
Minority interest		**(2 336)**	3 002
Total comprehensive income for the year		**588 494**	522 313

The notes on pages 27 to 67 are an integral part of these group financial statements.

Group statement of changes in equity

for the year ended 28 February 2010

	Share capital R'000	Share premium R'000
Balance at 1 March 2008	**1 725**	**1 830 853**
Changes in equity:		
Issue of share capital and share premium	101	309 886
Share issue expenses	–	(1 107)
Share option reserve	–	–
Minority interest in acquired company	–	–
Total comprehensive income for the year	–	–
Dividends paid	–	–
Total changes	101	308 779
Balance at 28 February 2009	**1 826**	**2 139 632**
Balance at 1 March 2009	**1 826**	**2 139 632**
Changes in equity:		
Share option reserve	–	–
Disposal of interest to minorities	–	–
Total comprehensive income for the year	–	–
Dividends paid	–	–
Total changes	–	–
Balance at 28 February 2010	**1 826**	**2 139 632**
Note	14	14

The notes on pages 27 to 67 are an integral part of these group financial statements.

	Other reserves R'000	Retained earnings R'000	Total attributable to owners of the parent company R'000	Minority interest R'000	Total equity R'000
	(1 156 814)	**457 979**	**1 133 743**	**2 785**	**1 136 528**
	–	–	309 987	–	309 987
	–	–	(1 107)	–	(1 107)
	14 884	–	14 884	–	14 884
	–	–	–	1 430	1 430
	(6 541)	525 852	519 311	3 002	522 313
	–	(127 836)	(127 836)	(260)	(128 096)
	8 343	398 016	715 239	4 172	719 411
	(1 148 471)	**855 995**	**1 848 982**	**6 957**	**1 855 939**
	(1 148 471)	**855 995**	**1 848 982**	**6 957**	**1 855 939**
	12 838	–	12 838	–	12 838
	–	4 457	4 457	727	5 184
	(3 813)	594 643	590 830	(2 336)	588 494
	–	(191 755)	(191 755)	(1 004)	(192 759)
	9 025	407 345	416 370	(2 613)	413 757
	(1 139 446)	**1 263 340**	**2 265 352**	**4 344**	**2 269 696**
	15			16	

Group statement of cash flows

for the year ended 28 February 2010

	Notes	2010 R'000	2009 R'000
Cash flows from operating activities			
Cash generated from operations	32	**793 099**	964 405
Finance income	25	**36 837**	42 630
Finance costs	25	**(65 544)**	(79 841)
Dividend received	22	**4 139**	–
Income tax paid	32	**(300 122)**	(200 026)
Net cash generated from operating activities		**468 409**	727 168
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(252 357)**	(382 781)
Proceeds from sale of property, plant and equipment	32	**49 693**	37 296
Acquisition of subsidiaries	36	**(49 887)**	(384 376)
Loans granted to associates	7	**–**	(4 100)
Loan repayments received from associates	7	**6 550**	–
Net cash used in investing activities		**(246 001)**	(733 961)
Cash flows from financing activities			
Proceeds from borrowings		**186 060**	375 648
Repayment of borrowings		**(303 429)**	(323 475)
Share issue expenses		**–**	(1 107)
Proceeds on disposal of investment to minority		**6 000**	–
Dividends paid to company's shareholders	31	**(191 755)**	(127 837)
Dividends paid to minority interests	16	**(1 004)**	(260)
Net cash used in financing activities		**(304 128)**	(77 031)
Net decrease in cash and cash equivalents		**(81 720)**	(83 824)
Cash and cash equivalents at the beginning of the year		**576 389**	660 213
Cash and cash equivalents at the end of the year	12	**494 669**	576 389

The notes on pages 27 to 67 are an integral part of these group financial statements.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Raubex Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listing Requirements and the Companies Act of South Africa and are consistent with those of the previous year. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

1.1 Significant estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Estimated impairment of goodwill

The group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Refer note 6).

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made (Refer note 1.19 and note 18).

Impairment of trade and other receivables

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within cost of sale. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement (Refer note 10).

Construction contract revenue recognition and profit taking

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract (Refer note 9).

Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long-term environmental obligations comprising rehabilitation are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements (Refer note 18).

Fair value of share-based compensation

The fair value of the employee share options are being determined using the Monte-Carlo model. The significant inputs into the model are: vesting periods and conditions, risk free interest rate, volatility, price on date of grant and dividend yield (Refer note 29 for details).

1. Summary of significant accounting policies (continued)

1.2 Consolidation

Common control transactions

Transactions involving entities under common control before and after the transaction and where control is not transitory are treated within the scope of IFRS 3. The difference between the purchase consideration and the carrying value of net assets acquired is recorded in equity against a separate reserve by the defined acquirer.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Consolidation ceases once control has been lost.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see note 1.6).

Inter-company revenues, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and minority interests

The group applies the economic entity model as a policy of treating transactions with minority interests. The difference between the purchase consideration and the carrying value of the net assets acquired is recognised in equity against a separate reserve for transactions with minorities. The gains and losses on disposals to minorities are also recorded in equity against the same reserve.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, if applicable, net of any accumulated impairment loss (see note 7).

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Investment in joint ventures

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

1. Summary of significant accounting policies (continued)

1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group Executive Committee.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions.

The committee considers the business from both a geographic and product perspective. Geographically, management considers the performance from a South African (national) and African (international) perspective. The business is further segregated into the following three operating divisions:

- Road surfacing and light rehabilitation;
- Road construction and earthworks and heavy rehabilitation; and
- Aggregate supply, contract crushing and material handling.

The Executive Committee assesses the performance of the operating segments based on operating profit.

Inter-segment transfers

Segment revenue and segment expenses include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segment revenue and expenses

All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

Segment assets

All operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts in progress, receivables (net of allowances) and cash and cash equivalents. Segment assets are allocated to the geographic segments based on where the assets are located.

Segment liabilities

All operating liabilities of a segment, principally accounts payable, subcontractor liabilities and external interest bearing borrowings.

1.4 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands, which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

1. Summary of significant accounting policies (continued)

1.4 Translation of foreign currencies (continued)

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Administrative buildings	Not depreciated
– Mechanical workshops	10 – 20 years
– Machinery	6 – 20 years
– Vehicles	4 – 6 years
– Furniture, fittings and equipment	3 – 8 years

Aircraft are split into the following three components, air frame, engine and avionics. These components are depreciated based on the number of flight hours flown during the period to the total estimated number of flight hours.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

1.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment.

1. Summary of significant accounting policies (continued)

1.6 Intangible assets (continued)

Trademarks and licences

Trademarks are not depreciated but tested annually for impairment and carried at cost less accumulated impairment losses.

Licences are depreciated over the contract period on a straight-line basis

Mining rights are depreciated over the expected life of the mine on a straight-line basis and are carried at cost less accumulated amortisation.

– Licences/rights	5 years
– Commercial quarries	9 – 99 years

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.8 Financial assets

1.8.1 Classification

The group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, unless the asset is not expected to be realised within 12 months of balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (notes 1.12 and 1.13).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

1.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date i.e the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

1. Summary of significant accounting policies (continued)

1.8 Financial assets (continued)

1.8.2 Recognition and measurement (continued)

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing on trade receivables is described in note 1.12 .

1.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group has not designated any of its financial instruments as hedging instruments.

Derivatives at fair value through profit and loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these derivatives instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/(losses) – net.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the applicable variable selling expenses. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11 Construction contracts in progress

Contract costs are initially recognised at cost when incurred. Cost includes all costs that relate directly to the specific contract, and allocated overheads relating to construction contracts generally.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred during the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and other receivables and construction contracts in progress respectively.

The group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

1. Summary of significant accounting policies (continued)

1.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

1.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.14 Share capital and equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as part of other reserves.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the group's equity holders.

1.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.17 Current and deferred income tax

Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

1. Summary of significant accounting policies (continued)

1.17 Current and deferred income tax (continued)

Deferred income taxes (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1.18 Secondary tax on companies (STC)

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

1.19 Provisions and contingencies

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

1.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Inter-company revenues are eliminated on consolidation.

No element of financing is deemed present. The terms granted to customers facilitate the preparation of payments. Prices are not linked to any changes in a recognised index of interest rates.

Contracting revenue

Revenue from construction contracts is recognised on the stage of completion method. Refer policy 1.11 for further detail.

Commercial quarry revenue

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the buyer.

Other income

Other income from sale of goods or provision of services is recognised when significant risk and rewards of ownership of the goods have passed to the buyer or the services have been provided to the customer.

Interest income and dividends

Interest is recognised on a time-proportion basis using the effective interest rate method. Dividends are recognised when the company's right to receive payment has been established.

1. Summary of significant accounting policies (continued)

1.21 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases

Finance leases where the group is the lessee are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The group from time to time leases out certain plant and equipment. Income from this is seen as incidental and included in other income.

1.22 Employee benefits

Pension obligations

The group operates defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit sharing and bonus plans

The group pays performance based bonuses based on evaluations by management. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based compensation

The group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

1.23 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the board of directors.

2. Standards, interpretations and amendments to published standards

Set out below are International Financial Reporting Standards, Interpretations and amendments that have become effective for the first time for the year ended 28 February 2010, together with International Financial Reporting Standards, Interpretations and amendments issued but not yet effective for the year ended 28 February 2010.

These standards are not expected to have any significant effect on the results of operations or financial position of the group.

International Financial Reporting Standards and amendments effective for the first time for February 2010 year-end

Number	Title	Effective date	Executive summary
IFRS 8	Operating Segments	1 January 2009	IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
IAS 23	Borrowing Costs – Revised	1 January 2009	The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
IAS 1	Presentation of Financial Statements – Revised	1 January 2009	The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
Amendment to IFRS 2	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations	1 January 2009	The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
Amendment to IAS 32 and IAS 1	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.

2. Standards, interpretations and amendments to published standards (continued)

Number	Title	Effective date	Executive summary
Amendments to IFRS 1 and IAS 27	Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	The amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendments also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
Amendments to IFRS 7	Amendments to IFRS 7 – Financial Instruments Disclosures: Improving Disclosures about Financial Instruments	1 January 2009	The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities.
N/a	Improvements to IFRSs (Issued May 2008)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

The Improvements to IFRSs (issued May 2008) was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards effective for the first time for February 2010 year-ends, except as noted below:

IFRS	Subject of amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary (effective from 1 July 2009)
IFRS 7 Financial Instruments: Disclosures	Presentation of finance costs
IAS 1 Presentation of Financial Statements	Current/non-current classification of derivatives
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Status of implementation guidance
IAS 10 Events after the Reporting Period	Dividends declared after the end of the reporting period
IAS 16 Property, Plant and Equipment	Recoverable amount
	Sale of assets held for rental
IAS 18 Revenue	Costs of originating a loan
IAS 19 Employee Benefits	Curtailments and negative past service cost
	Plan administration costs
	Replacement of term 'fall due'
	Guidance on contingent liabilities
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Government loans with a below-market rate of interest
	Consistency of terminology with other IFRSs

2. Standards, interpretations and amendments to published standards (continued)

IFRS	Subject of amendment
IAS 23 Borrowing Costs	Components of borrowing costs
IAS 27 Consolidated and Separate Financial Statements	Measurement of subsidiary held for sale in separate financial statements
IAS 28 Investments in Associates	Required disclosures when investments in associates are accounted for at fair value through profit or loss
	Impairment of investment in associate
IAS 29 Financial Reporting in Hyperinflationary Economies	Description of measurement basis in financial statements
	Consistency of terminology with other IFRSs
IAS 31 Interests in Joint Ventures	Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss
IAS 34 Interim Financial Reporting	Earnings per share disclosures in interim financial reports
IAS 36 Impairment of Assets	Disclosure of estimates used to determine recoverable amount
IAS 38 Intangible Assets	Advertising and promotional activities
	Units of production method of amortisation
IAS 39 Financial Instruments: Recognition and Measurement	Reclassification of derivatives into or out of the classification of at fair value through profit or loss
	Designating and documenting hedges at the segment level
	Applicable effective interest rate on cessation of fair value hedge accounting
IAS 40 Investment Property	Property under construction or development for future use as investment property
	Consistency of terminology with IAS 8
	Investment property held under lease
IAS 41 Agriculture	Discount rate for fair value calculations
	Additional biological transformation
	Examples of agricultural produce and products
	Point-of-sale costs

International Financial Reporting Standards and amendments issued but not effective for February 2010 year-end

Number	Title	Effective date	Executive summary
IFRS 3	Business Combinations – Revised	1 July 2009	The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
IAS 27	Consolidated and Separate Financial Statements – Revised	1 July 2009	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
Amendments to IAS 39	Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items	1 July 2009	The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

2. Standards, interpretations and amendments to published standards (continued)

Number	Title	Effective date	Executive summary
IFRS 1	First time Adoption of International Financial Reporting Standards – Revised	1 July 2009	The revised standard has an improved structure but does not contain any technical changes.
Amendments to IFRS 2	Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2010	The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.
Amendments to IAS 32 *	Amendments to IAS 32 – Classification of Rights Issues	1 February 2010	The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.
IAS 24 *	Amendment to IAS 24 – Related Party Disclosures	1 January 2011	This amendment removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party.
IFRS 9 *	IFRS 9 – Financial Instruments	1 January 2013	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.
N/a	Improvements to IFRSs (Issued April 2009)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2010	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

** These amendments are still subject to release by the Accounting Practices Board in South Africa.*

Improvements to IFRSs (issued April 2009) was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 28 February 2010 year-ends:

IFRS	Subject of amendment
IFRS 2 Share-based Payment	Scope of IFRS 2 and revised IFRS 3
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
IFRS 8 Operating Segments	Disclosure of information about segment assets
IAS 1 Presentation of Financial Statements	Current/non-current classification of convertible instruments
IAS 7 Statement of Cash Flows	Classification of expenditures on unrecognised assets
IAS 17 Leases	Classification of leases of land and buildings
IAS 18 Revenue	Determining whether an entity is acting as a principal or as an agent
IAS 36 Impairment of Assets	Unit of accounting for goodwill impairment test

2. Standards, interpretations and amendments to published standards (continued)

IFRS	Subject of amendment
IAS 38 Intangible Assets	Additional consequential amendments arising from revised IFRS 3
	Measuring the fair value of an intangible asset acquired in a business combination
IAS 39 Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives
	Scope exemption for business combination contracts
	Cash flow hedge accounting
IFRIC 9 Reassessment of Embedded Derivatives	Scope of IFRIC 9 and revised IFRS 3
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Amendment to the restriction on the entity that can hold hedging instruments

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for February 2010 year-ends

Number	Title	Effective date	Executive summary
IFRIC 13	Customer Loyalty Programmes	1 July 2008	IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.
Amendment to IFRIC 9 and IAS 39	Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement	1 July 2008	The amendments clarify that if a financial asset is reclassified out the 'fair value through profit or loss' category it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category.
IFRIC 18	Transfers of Assets from Customers	Effective for transfers from 1 July 2009	IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

2. Standards, interpretations and amendments to published standards (continued)

Interpretations of International Financial Reporting Standards issued but not yet effective for February 2010 year-ends

Number	Title	Effective date	Executive summary
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as *dividends in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.
Amendments to IFRIC 14	Pre-payments of a Minimum Funding Requirement (amendments to IFRIC 14)	1 January 2011	This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

South African Interpretations of International Financial Reporting Standards effective for the first time for February 2010 year-ends

Number	Title	Effective date	Executive summary
Revised AC 503	Accounting for Black Economic Empowerment Transactions – Revised	1 January 2009	The Accounting Practices Committee has revisited AC 503 in light of the amendments to IFRS 2. As a result of these amendments, paragraphs 18 to 25 and the related Illustrative Examples and Basis for Conclusions of AC 503 have been revised to take into account the amended definition of vesting conditions and the accounting treatment of non-vesting conditions.

South African Interpretations of International Financial Reporting Standards issued but not effective for February 2010 year-ends

Number	Title	Effective date	Executive summary
AC 504	IAS 19 (AC 116) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	1 April 2009	The interpretation provides guidance on the application of IFRIC 14 (AC 447) in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19 (AC 116).

3. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk as well as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, currently primarily with respect to the Zambian Kwacha. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group would consider using, if necessary, forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through managing the foreign asset base.

The impact of a 10% appreciation of the Rand against the Zambian Kwacha on the uncovered foreign exposure will have a negative R16,8 million (2009: R3,9 million) impact on the group's post tax profits, and vice versa for a 10% depreciation. The translation impact of a 10% appreciation of the Rand against the Zambian Kwacha would have a negative R1 million (2009: R1,8 million) impact on group post tax profits and vice versa for a 10% depreciation of the Rand.

(ii) Price risk

The group is not exposed to equity securities price risk as it does not hold investments in equity of other entities that are publicly traded. The group is not exposed to commodity price risk.

(iii) Cash flow interest rate risk

The group has significant interest-bearing assets in the form of cash and cash equivalents. The group's finance income cash flows are exposed to interest rate risk and are dependent on market interest rates (refer sensitivity analysis below).

The group's interest rate risk arises from long-term borrowings. Borrowings are issued at variable rates and expose the group to interest rate fluctuation risk. The group manages this risk by maintaining borrowing levels at pre-set targets to be able to absorb any drastic rate increases.

3. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow interest rate risk (continued)

Interest rate risk – Sensitivity analysis

Interest rate risk is presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity. A one percentage point movement in the prime interest rate would have the following effect on post-tax profit for the year:

	2010		2009	
	+1%	**-1%**	+1%	-1%
	R'000	**R'000**	R'000	R'000
Cash and cash equivalents	**3 562**	**(3 562)**	4 150	(4 150)
Long-term borrowings	**(44)**	**44**	(49)	49
Suspensive sale agreements	**(3 798)**	**3 798**	(4 616)	4 616
Increase/(decrease) in profitability	**(280)**	**280**	(515)	515

(b) Credit risk

The group has no significant concentration of credit risk except for contract debt to public sector institutions which is not considered to be a credit risk. From historical credit records and past experience these key customers have no history of default. It has policies in place to ensure that sales of aggregates are made to customers with appropriate credit history. The group has policies that limit the amount of credit exposure to any financial institution.

	Rating	**2010 R'000**	2009 R'000
Concentration of credit risk			
Cash and cash equivalents	AAA	**8 177**	–
Cash and cash equivalents	AA	**400 002**	509 453
Cash and cash equivalents	A	**83 833**	3 974
Cash and cash equivalents	BBB	**3**	72 899
Cash on hand	Not rated	**2 654**	2 019
Total cash and cash equivalents		**494 669**	588 345
Current trade and other receivables	AA	**63 438**	73 132
Current trade and other receivables	A	**236 821**	29 202
Current trade and other receivables	BBB	**191 690**	231 090
Current trade and other receivables	Not rated	**485 726**	256 398
Total current trade and other receivables		**977 675**	589 822

Credit risk is represented by the going concern values of the receivables and cash and cash equivalents that are carried on the balance sheet at a value of R1 472,3 million (2009: R1 179,3 million).

The credit ratings above have been obtained from publicly available information. Trade and other receivables classified as 'not rated' have no formal credit rating, these customers fall within acceptable credit risk limits of the group and have no history of default.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash coupled with the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

3. Financial risk management (continued)

(c) Liquidity risk (continued)

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000	2 to 5 years R'000	5 years and later R'000
At 28 February 2010					
Non-derivative financial liabilities					
Mortgage loans	**329**	**355**	**355**	**–**	**–**
Suspensive sale agreements	**527 522**	**583 936**	**303 200**	**280 736**	**–**
Long-term loans	**5 726**	**6 404**	**2 355**	**4 049**	**–**
Trade and other payables	**585 628**	**585 628**	**585 628**	**–**	**–**
Bank overdrafts	**–**	**–**	**–**	**–**	**–**
Total	**1 119 205**	**1 176 323**	**891 538**	**284 785**	**-**
At 28 February 2009					
Non-derivative financial liabilities					
Mortgage loans	198	450	32	161	257
Suspensive sale agreements	644 111	720 952	295 109	417 341	8 502
Long-term loans	6 638	6 637	2 603	4 035	–
Trade and other payables	624 636	624 636	624 636	–	–
Bank overdrafts	11 956	11 956	11 956	–	–
Total	1 287 539	1 364 631	934 336	421 537	8 759

The carrying value of financial assets and financial liabilities approximate their fair values.

4. Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The current banking facilities are subjected to the group maintaining a gearing ratio of 1,25. The gearing ratios for purposes of the debt covenants are calculated below.

	2010 R'000	2009 R'000
Borrowings	**533 577**	662 902
Trade and other payables	**736 315**	624 636
Current income tax liabilities	**67 929**	87 443
Defined debt	**1 337 821**	1 374 981
Capital and reserves	**2 269 698**	1 855 940
Less: Goodwill	**723 824**	724 289
Defined shareholders' funds	**1 545 874**	1 131 651
Debt covenant gearing ratio	**0,87**	1,22

4. Capital risk management (continued)

The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:

	2010 R'000	2009 R'000
Total borrowings (refer note 17)	**533 577**	650 947
Less: Cash and cash equivalents (refer note 12)	**(494 669)**	(576 389)
Net debt	**38 908**	74 558
Total equity	**2 269 698**	1 855 939
Total capital and net debt	**2 308 606**	1 930 497
Gearing ratio (%)	**2**	4

5. Property, plant and equipment

	Land and buildings R'000	Aircraft, vehicles and machinery R'000	Furniture, fittings and equipment R'000	Total R'000
At 29 February 2008				
Cost	39 475	738 078	4 976	782 529
Accumulated depreciation	(838)	(111 417)	(1 909)	(114 164)
Net book amount	38 637	626 661	3 067	668 365
Year ended 28 February 2009				
Opening net book amount	38 637	626 661	3 067	668 365
Exchange differences	(92)	(397)	(11)	(500)
Acquisition of subsidiaries	10 000	344 528	2 041	356 569
Additions	11 980	367 217	3 584	382 781
Disposals	-	(39 016)	(73)	(39 089)
Depreciation	(142)	(153 044)	(1 999)	(155 185)
Closing net book amount	60 383	1 145 949	6 609	1 212 941
At 28 February 2009				
Cost	61 363	1 543 560	13 055	1 617 978
Accumulated depreciation	(980)	(397 611)	(6 446)	(405 037)
Net book amount	60 383	1 145 949	6 609	1 212 941
Year ended 28 February 2010				
Opening net book amount	**60 383**	**1 145 949**	**6 609**	**1 212 941**
Exchange differences	**(61)**	**(792)**	**(34)**	**(887)**
Acquisition of subsidiaries	**–**	**45 961**	**6**	**45 967**
Additions	**7 957**	**241 168**	**3 232**	**252 357**
Disposals	**(66)**	**(41 993)**	**–**	**(42 059)**
Depreciation	**(168)**	**(222 254)**	**(2 537)**	**(224 959)**
Reclassification	**–**	**644**	**(644)**	**–**
Closing net book amount	**68 045**	**1 168 683**	**6 632**	**1 243 360**
At 28 February 2010				
Cost	**69 179**	**1 744 292**	**15 378**	**1 828 849**
Accumulated depreciation	**(1 134)**	**(575 609)**	**(8 746)**	**(585 489)**
Net book amount	**68 045**	**1 168 683**	**6 632**	**1 243 360**

Depreciation expense of R225 million (2009: R155,2 million) has been charged in cost of sales.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

Bank borrowings are secured over property, plant and equipment with a book value of R698,6 million (2009: R710,9 million).

5. Property, plant and equipment (continued)

A general notarial bond of R3,9 million (2009: R7,3 million) is registered over plant and equipment with a carrying value of R9,2 million (2009: R12,1 million) as security for borrowing and asset finance facilities.

Lease rentals amounting to R16,7 million (2009: R13,4 million) relating to the lease of property, plant and equipment, respectively, are included in the income statement (note 24).

Borrowings are disclosed in note 17 of these financial statements.

In accordance with IAS 16 Property Plant and Equipment and the group's accounting policies, the residual values and useful lives of property, plant and equipment are reviewed annually. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate (refer note 38). This annual review has resulted in an additional depreciation charge of R39,4 million for the current year which is expected to recur over the remaining useful life of the assets.

	Goodwill R'000	Trademarks R'000	Mining and other rights R'000	Total R'000
6. Intangible assets				
At 29 February 2008				
Cost	155 836	21 053	23 185	200 074
Accumulated amortisation and impairment	–	–	(1 135)	(1 135)
Net book amount	155 836	21 053	22 050	198 939
Year ended 28 February 2009				
Opening net book amount	155 836	21 053	22 050	198 939
Additions	3 575	–	–	3 575
Acquisition of subsidiaries	526 645	–	990	527 635
Amortisation charge	–	–	(2 285)	(2 285)
Impairment charge	(3 237)	–	–	(3 237)
Transferred to disposal group classified as held for sale	(338)	–	–	(338)
Closing net book value	682 481	21 053	20 755	724 289
At 28 February 2009				
Cost	686 056	21 053	24 175	731 284
Accumulated amortisation and impairment	(3 575)	–	(3 420)	(6 995)
Net book amount	682 481	21 053	20 755	724 289
Year ended 28 February 2010				
Opening net book amount	**682 481**	**21 053**	**20 755**	**724 289**
Additions	**600**	**–**	**–**	**600**
Acquisition of subsidiaries	**3 301**	**–**	**1 000**	**4 301**
Disposals	**(815)**	**–**	**–**	**(815)**
Amortisation charge	**–**	**–**	**(2 280)**	**(2 280)**
Impairment charge	**(2 271)**	**–**	**–**	**(2 271)**
Closing net book value	**683 296**	**21 053**	**19 475**	**723 824**
At 28 February 2010				
Cost	**689 142**	**21 053**	**25 175**	**735 370**
Accumulated amortisation and impairment	**(5 846)**	**–**	**(5 700)**	**(11 546)**
Net book amount	**683 296**	**21 053**	**19 475**	**723 824**

The carrying amount of goodwill has been reduced to its recoverable amount through recognition of an impairment loss of R2,3 million (2009: R3,2 million) . The impairment charge has been included in other gains/(losses) – net (note 23).

Amortisation of R2,3 million (2009: R2,3 million) is included in cost of sales in the income statement.

6. Intangible assets (continued)

Impairment test for goodwill

Goodwill is allocated to the group's cash-generating units (CGU) identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below.

Goodwill	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
At 28 February 2009	468 313	122 600	91 568	682 481
At 28 February 2010	**468 098**	**123 630**	**91 568**	**683 296**

An operating segment-level summary of the trademark allocation is presented below.

Trademarks	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
At 28 February 2009	21 053	–	–	21 053
At 28 February 2010	**21 053**	**–**	**–**	**21 053**

The recoverable amounts of goodwill and trademarks are determined based on value in use calculations.

These calculations use earnings projections based on financial budgets approved by management.

Cash flows beyond those budgeted are extrapolated using estimated growth rates. These rates do not exceed the long-term average growth rate of the construction industry. For purpose of sensitivity analysis long-term average growth rates of between 3% and 6% were used with a discount rate of between 18% and 23% over an estimated life of between 50 years and 99 years.

	2010 R'000	2009 R'000
7. Investment in associates		
Unlisted associate		
Shares at cost	**–**	–
Group's share of retained profits	**1 074**	1 054
	1 074	1 054
Unsecured loans	**(750)**	5 800
Carrying value	**324**	6 854
The loan from/(to) associate is unsecured, interest free and has no fixed terms of repayment.		
Reconciliation of carrying value		
Balance at beginning of year	**6 854**	2 671
Share of retained profits	**20**	84
Movement in loans	**(6 550)**	4 099
Balance at end of year	**324**	6 854

7. Investment in associates (continued)

The group's share of the results of its principal associates, all of which are unlisted, and its aggregate assets and liabilities are as follows:

Name	Country of Incorporation	Assets R'000	Liabilities R'000	Revenue R'000	Profit/loss R'000	% held
2009						
Muscle Construction (Pty) Limited	South Africa	6 013	4 959	16 066	84	48
2010						
Muscle Construction (Pty) Limited	South Africa	**2 339**	**1 265**	**3 460**	**20**	**48**

	2010 R'000	2009 R'000
8. Inventories		
Crusher stone	**61 381**	46 947
Consumable stores	**62 602**	76 127
Total inventories	**123 983**	123 074
The cost of inventories recognised as expense and included in 'cost of sales' amounted to R1 511,4 million (2009: R1 450 million) (note 24).		
9. Construction contracts in progress and retentions		
Costs incurred plus profits recognised, less recognised losses relating to contracts at year end	**387 607**	324 018
Less: Progress billings	**(338 433)**	(292 483)
Contracts in progress at balance sheet date	**49 174**	31 535
Retentions	**170 924**	139 697
Total contracts in progress at balance sheet date including retentions	**220 098**	171 232
Advances received in excess of work completed are included in trade and other payables (refer note 20).		
10. Trade and other receivables		
Trade receivables	**976 625**	580 766
Less: Provision for impairment of trade receivables	**(14 032)**	(20 721)
Trade receivables – net	**962 593**	560 045
Prepayments	**5 899**	7 738
Loan to non-related party	**727**	959
Receivables from related parties (note 33)	**6 527**	3 254
Loans to related parties (note 33)	**2 426**	18 555
	978 172	590 551
Less: Non-current portion of loan to non-related party	**(497)**	(728)
Current portion of trade and other receivables	**977 675**	589 823
The fair values of trade and other receivables are as follows:		
Trade receivables	**962 593**	560 045
Prepayments	**5 899**	7 738
Loan to non-related party	**727**	959
Receivables from related parties	**6 527**	3 254
Loans to related parties	**2 426**	18 555
Total trade and other receivables	**978 172**	590 551

The loan of R727k (2009: R959k), of which the non-current portion is R497k (2009: R728k) is an enterprise development loan to Black Economic Empowerment entities who have no formal ratings. The loan is repayable in monthly instalments of R19k and bears no interest.

The loans to related parties are unsecured, interest free and have no fixed terms of repayment.

	2010 R'000	2009 R'000
10. Trade and other receivables (continued)		
As of 28 February 2010, trade receivables of R14 million (2009: R20,7 million) were impaired and provided for. The ageing analysis of these trade receivables is as follows:		
Over 6 months	**14 032**	20 721
As of 28 February 2010, trade receivables of R340 million (2009: R13,2 million) were in excess of 30 days but not considered impaired. These trade receivables consist mainly of the Zambian Road Development Agency, South African Provincial Government accounts and clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:		
Up to 3 months	**221 343**	1 412
3 to 6 months	**108 731**	10 102
Over 6 months	**9 879**	1 726
	339 953	13 240
Trade and other receivables pledged as security		
Trade and other receivables of R41,1 million (2009: R51,5 million) are pledged as security for overdraft facilities of the group.		
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:		
South African Rand	**662 197**	515 012
Zambian Kwacha	**269 495**	75 424
Namibian Dollar	**46 479**	115
	978 171	590 551
Provision for impairment of trade receivable		
Balance at beginning of year	**20 721**	3 946
Current year provision for receivables	**9 877**	18 115
Receivables written off during the year as uncollectible	**(405)**	(3 693)
Unused amounts reversed	**(16 161)**	(890)
Acquisitions	**–**	3 243
Balance at 28 February	**14 032**	20 721

The creation and release of provision for impaired receivables have been included in other expenses in the income statement (note 24).

	2010 R'000 Assets	2010 R'000 Liabilities	2009 R'000 Assets	2009 R'000 Liabilities
11. Derivative financial instruments				
Derivative classified as held for trading with fair value through profit and loss				
Forward foreign exchange contracts – at fair value	**–**	**–**	1 167	–
Total	**–**	**–**	1 167	–
Less: Non-current portion: Forward foreign exchange contracts – at fair value	**–**	**–**	–	–
	–	**–**	–	–
Current portion	**–**	**–**	1 167	–

There were no outstanding forward foreign exchange contracts at 28 February 2010. (2009: R16 million (ZMK 8,2 billion)).

	2010 R'000	2009 R'000
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	**2 654**	2 019
Bank balances	**337 535**	586 099
Investments on call	**154 480**	227
Total cash and cash equivalents	**494 669**	588 345
Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash and cash equivalents	**494 669**	588 345
Bank overdrafts	**–**	(11 956)
Total cash and cash equivalents	**494 669**	576 389
13. Assets of disposal group classified as held for sale		
Non-current assets held for sale include the following:		
Vehicles, machinery, inventory and goodwill	–	3 000

The above assets which fall under the aggregate and crusher segment comprised those of a disposal unit that was disposed of on 2 March 2009.

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
14. Share capital and premium				
At 29 February 2008	172 527	1 725	1 830 853	1 832 578
Acquisition of subsidiaries	10 097	101	309 886	309 987
Share issue expenses	–	–	(1 107)	(1 107)
At 28 February 2009	182 624	1 826	2 139 632	2 141 458
At 28 February 2010	**182 624**	**1 826**	**2 139 632**	**2 141 458**

The total authorised number of ordinary shares is 500 million (2009: 500 million) shares with a par value of 1 cent per share (2009: 1 cent per share). All issued shares are fully paid.

There were no new shares issued during the current year.

	2010 R'000	2009 R'000
15. Other reserves		
Balance at beginning of year	**(1 148 471)**	(1 156 814)
Translation difference of foreign subsidiary	**(3 813)**	(6 541)
Equity-settled share-based payment	**12 838**	14 884
Balance at end of year	**(1 139 446)**	(1 148 471)
Consisting of:		
Translation difference of foreign subsidiary	**(6 231)**	(2 418)
Common control reserve	**(1 175 298)**	(1 175 298)
Equity-settled share-based payment	**42 083**	29 245
Balance at end of year	**(1 139 446)**	(1 148 471)

Raubex Group Limited listed on the Johannesburg Stock Exchange (JSE) on 20 March 2007. Upon listing Raubex Group Limited acquired 100% of the share capital of Raubex (Pty) Limited and the minority interests of underlying subsidiary companies in a common control transaction. This transaction gave rise to the common control reserve disclosed above.

	2010 R'000	2009 R'000
16. Minority interest		
Balance at beginning of year	**6 957**	2 785
Share of net (loss)/profit of subsidiaries	**(2 336)**	3 002
Acquisition of minorities' interest in subsidiaries	**–**	1 430
Disposal of interest to minorities	**727**	–
Dividends paid to minorities	**(1 004)**	(260)
Balance at end of year	**4 344**	6 957
17. Borrowings		
Non-current		
Bank borrowings	**260 143**	389 473
Unsecured loan	**3 763**	4 587
Total non-current borrowings	**263 906**	394 060
Current		
Bank borrowings	**267 379**	254 836
Unsecured loan	**2 292**	2 051
Total current borrowings	**269 671**	256 887
Total borrowings	**533 577**	650 947

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R698,6 million (2009: R710,9 million) and repayable in monthly instalments of R28,3 million (2009: R27,6 million) with an effective interest rate ranging between 8,5% and 11% per annum (2009: 11,5% and 14%). Bank borrowings mature by February 2015.

A general notarial bond of R3,9 million (2009: R7,3 million) is registered over plant and equipment with a carrying value of R9,2 million as security for borrowing and asset finance facilities.

Unsecured loan

The loan bears interest at 8% per annum and is repayable in annual instalments of R2 million. The maturity date is September 2011.

Gross future minimum payments on bank borrowings are as follows:

	2010 R'000	2009 R'000
No later than 1 year	**303 200**	295 109
Later than 1 year and no later than 5 years	**280 736**	417 341
Later than 5 years	**–**	8 502
	583 936	720 952
Future finance charges on bank borrowings	**(56 414)**	(76 841)
Present value of bank borrowings	**527 522**	644 111

	2010 R'000	2009 R'000
18. Provisions for liabilities and charges		
Rehabilitation provision		
Balance at beginning of year	**14 215**	7 955
Charged to income statement	**169**	1 974
Provisions utilised	**(2 260)**	–
Acquisitions	**500**	4 286
Balance at 28 February	**12 624**	14 215

Rehabilitation provision consists of amounts accrued to rehabilitate environments disturbed by quarries. The provisions have been determined based on assessments and estimates by management to reflect the estimated current cost of the rehabilitation. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

	2010 R'000	2009 R'000
19. Deferred income tax		
The gross movement on the deferred income tax account is as follows:		
Balance at beginning of year	**179 601**	104 614
Exchange differences	**(82)**	(1 679)
Acquisition of subsidiaries	**2 391**	51 375
Charged to the income statement	**(11 210)**	25 291
Balance at 28 February	**170 700**	179 601

	Accelerated depreciation R'000	Construction contracts R'000	Other R'000	Total R'000
The balance comprises:				
Deferred tax liabilities				
At 1 March 2008	99 224	7 072	7 601	113 897
Exchange differences	(168)	(2 527)	1 041	(1 654)
Charged to income statement	26 936	15 122	(409)	41 649
Acquisition of subsidiaries	54 107	–	–	54 107
At 28 February 2009	180 099	19 667	8 233	207 999
Exchange differences	(139)	(345)	478	(6)
Charged to income statement	12 314	(12 331)	(5 226)	(5 243)
Acquisition of subsidiaries	3 518	–	–	3 518
At 28 February 2010	**195 792**	**6 991**	**3 485**	**206 268**

	Provisions R'000	Tax losses R'000	Other R'000	Total R'000
Deferred tax assets				
At 1 March 2008	(7 971)	–	(1 312)	(9 283)
Exchange differences	(24)	–	–	(24)
Charged to income statement	(18 875)	1 204	1 312	(16 359)
Acquisition of subsidiaries	(1 415)	(1 317)	–	(2 732)
At 28 February 2009	(28 285)	(113)	–	(28 398)
Exchange differences	(27)	(49)	–	(76)
Charged to income statement	3 771	(9 738)	–	(5 967)
Acquisition of subsidiaries	–	(1 127)	–	(1 127)
At 28 February 2010	**(24 541)**	**(11 027)**	**–**	**(35 568)**

	2010 R'000	2009 R'000
20. Trade and other payables		
Trade payables	**358 845**	302 941
Payables due to related parties (note 33)	**266**	5 917
Loans from related parties (note 33)	**12 727**	6 850
Accrued expenses	**213 791**	232 364
Excess billing over work done	**150 687**	76 564
Total trade and other payables	**736 316**	624 636

The loans from related parties are unsecured, interest free and have no fixed terms of repayment.

		2010 R'000	2009 R'000
21.	**Revenue**		
	Contracting revenue	**4 390 351**	3 932 071
	Commercial quarry revenue	**192 532**	230 709
	Total revenue	**4 582 883**	4 162 780
22.	**Other income**		
	Rental of construction plant and equipment	**2 871**	5 186
	Dividends received	**4 139**	–
	Insurance commission	**1 804**	2 254
	Interest on accounts receivable	**16 823**	–
	Seta recoveries	**1 460**	514
	Bad debts recovered	**230**	70
	Total other income	**27 327**	8 024
	Interest income on accounts receivable of R4,4 million was classified as finance income in the prior year.		
23.	**Other gains/(losses) – net**		
	Profit/(loss) on sale of fixed assets	**7 634**	(1 793)
	Profit/(loss) on exchange differences	**(4 380)**	(21 854)
	Profit on forward exchange contracts – at fair value	**2 919**	2 436
	Impairment of goodwill	**(2 271)**	(3 237)
	Total other gains/(losses)	**3 902**	(24 448)
24.	**Expenses by nature**		
	Changes in inventories and construction contracts in progress	**(16 476)**	(74 947)
	Subcontractors	**723 106**	644 180
	Raw materials and consumables (note 8)	**1 511 410**	1 449 930
	Employee benefit expense (note 28)	**795 861**	703 082
	Depreciation and amortisation (note 5 and 6)	**227 239**	157 472
	Operating lease charges	**16 686**	13 377
	Repairs and maintenance	**283 785**	248 807
	Other operating expenses	**185 238**	209 861
	Total of cost of sales and administrative expenses	**3 726 849**	3 351 762
25.	**Finance income and costs**		
	Finance income		
	Interest income on cash resources	**36 837**	38 216
	Other interest	**–**	4 414
	Total finance income	**36 837**	42 630
	Interest expense:		
	Bank borrowings	**(60 299)**	(75 532)
	Other interest	**(5 245)**	(4 309)
	Total finance costs	**(65 544)**	(79 841)
	Net finance costs	**(28 707)**	(37 211)

		2010 R'000	2009 R'000
26.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	**214 293**	187 051
	Recognised in current tax for prior periods	**(1 628)**	738
	Capital gains tax	**1 502**	594
	Secondary tax on companies	**18 997**	12 848
	Total South African normal taxation	**233 164**	201 231
	Deferred tax		
	Originating and reversing temporary differences	**26 026**	17 761
	Change in tax rate	**–**	–
	Total South African deferred taxation	**26 026**	17 761
	Total South African taxation	**259 190**	218 992
	Foreign taxation		
	Current tax		
	Current period	**34 620**	2 091
	Recognised in current tax for prior periods	**9 696**	–
	Total foreign normal tax	**44 316**	2 091
	Deferred tax		
	Originating and reversing temporary differences	**(37 881)**	7 530
	Change in tax rate	**644**	–
	Total foreign deferred tax	**(37 237)**	7 530
	Total foreign taxation	**7 079**	9 621
	Total income tax expense	**266 269**	228 613
	Reconciliation between applicable tax rate and effective tax rate	**%**	%
	Applicable tax rate	**28,00**	28,00
	Exempt income	**(0,13)**	(0,05)
	Capital gains tax	**(0,01)**	(0,08)
	Secondary tax on companies	**2,21**	1,70
	Current tax recognised in prior periods	**(0,22)**	0,10
	Disallowed charges	**0,78**	0,27
	Change in tax rate	**0,08**	–
	Tax at rates in foreign countries	**0,30**	0,25
	Effective tax rate	**31,01**	30,19
27.	**Auditors' remuneration**		
	Fees	**4 214**	4 026
	Prior year under provision	**257**	378
	Tax, accounting and secretarial services	**14**	91
	Total auditors' remuneration	**4 485**	4 495
28.	**Employee benefit expense**		
	Wages and salaries	**737 217**	650 538
	Share options granted to employees (note 29)	**12 838**	14 884
	Pension cost	**25 568**	21 786
	Medical aid costs	**10 639**	9 461
	Other contributions	**9 599**	6 413
	Total employee benefit expense	**795 861**	703 082
	Number of employees – permanent	**5 733**	5 863

29. Employee Share Option Scheme

Details of the share scheme are as follows:

a) Initial options

If the share price on the JSE of a Share, forming the subject matter of an Option, increases (annually compounded) during the three year period calculated from the Allocation Date to the Vesting Date:

- by 20% or less per annum (annually compounded), the Option Price in respect of the Initial Options shall be R15 **(the strike price)**;
- by more than 20% but less than 30% per annum (annually compounded), the Option Price in respect of the Initial Options shall be 83,3% of the strike price;
- by more than 30% but less than 40% per annum (annually compounded), the Option Price in respect of the Initial Options shall be 66,7% of the strike price;
- by more than 40% but less than 50% per annum (annually compounded), the Option Price in respect of the Initial Options shall be 50% of the strike price; and
- by more than 50% per annum (annually compounded), the Option Price in respect of the Initial Options shall be 33,3% of the strike price.

b) Options other than initial options

If the share price on the JSE of a Share, forming the subject matter of an Option, increases (annually compounded) during the three year period calculated from the Allocation Date to the Vesting Date:

- by 20% or less per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be the VWAP (Volume Weighted Average Price);
- by more than 20% but less than 30% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 83,3% of the VWAP;
- by more than 30% but less than 40% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 66,7% of the VWAP;
- by more than 40% but less than 50% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 50% of the VWAP; and
- by more than 50% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 33,3% of the VWAP.

Arrangement	1: Initial options	2: Balance of options
Nature of arrangement	Grant of share option	Grant of share option
Options approved	2 200 000	2 800 000
Number of options granted	1 945 000	257 100
Exercise price	Between R5 and R15 variable with share price growth	Between VWAP on allocation date and 33,3% of VWAP variable with share price growth
Date of grant	21 September 2007	1 March 2009
Share price at the date of grant	R31,10	R17,00
Contractual life	12 months from vesting date	12 months from vesting date
Vesting conditions	Three years of service from the date of listing 20 March 2007	Three years of service from the date of allocation
Settlement	Shares	Shares
Expected volatility	45%	45%
Expected option life at grant date	3 years	3 years
Risk free interest rate	10%	8.17%
Expected dividend yield	2%	4%
Expected departures (grant date)	0%	0%
Expected outcome of meeting performance criteria (grant date)	100%	100%
Fair value of options determined at the grant date	R21,82	R7,94
Valuation model	Monte-Carlo model	Monte-Carlo model

29. Employee Share Option Scheme (continued)

No share options were exercised during the year. The following information applies to options outstanding at the end of each period:

28 February 2010					28 February 2009				
			Weighted average remaining life (yrs)					Weighted average remaining life (yrs)	
Range of exercise prices	**Weighted average exercise price**	**Number of options**	**Expected**	**Contractual**	Range of exercise prices	Weighted average exercise price	Number of options	Expected	Contractual
R5 – R15	**R10**	**1 945 000**	**0,6**	**0,6**	R5 – R15	R10	2 110 000	1,6	1,6
R5.70 – R17	**R11.30**	**257 100**	**2,5**	**2,5**	–	–	–	–	–

A reconciliation of movements in the number of share options (Arrangement 1 – Initial Options) can be summarised as follows:

	2010		2009	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at beginning of year	**2 110 000**	**R10**	2 085 000	R10
Options granted	**–**	**–**	90 000	R10
Options forfeited	**165 000**	**R10**	65 000	R10
Options exercised	**–**	**–**	–	–
Outstanding at end of year	**1 945 000**	**R10**	2 110 000	R10
Exercisable at year end	**–**	**–**	–	–

A reconciliation of movements in the number of share options (Arrangement 2 – Balance of options) can be summarised as follows:

	2010		2009	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at beginning of year	**–**	**–**	–	–
Options granted	**257 100**	**R 11.33**	–	–
Options forfeited	**–**	**–**	–	–
Options exercised	**–**	**–**	–	–
Outstanding at end of year	**257 100**	**R 11.33**	–	–
Exercisable at year end	**–**	**–**	–	–

The amounts recognised in the financial statements (before tax) for share-based payment transactions with employees can be summarised as follows:

	2010 R'000	2009 R'000
Expense		
Equity-settled arrangements		
a) Initial options	**12 158**	14 884
b) Balance of options	**680**	–
Total share-based payment	**12 838**	14 884

	2010 R'000	2009 R'000
30. Earnings per share		
Basic		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent entity by the weighted average number of ordinary shares in issue during the year.		
Profit attributable to equity holders of the parent entity	**594 643**	525 852
Weighted average number of ordinary shares in issue ('000)	**182 624**	181 824
Basic earnings per share (cents)	**325,6**	289,2
Diluted		
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares i.e share options. A total of 2 202 100 option shares have been offered to qualifying employees, of these 1 143 876 shares are deemed issued for no consideration at 28 February 2010.		
Profit attributable to equity holders of the parent entity	**594 643**	525 852
Weighted average number of ordinary shares in issue ('000)	**182 624**	181 824
Adjustments for:		
– shares deemed issued for no consideration – share options ('000)	**1 144**	2 200
Weighted average number of ordinary shares for diluted earnings per share ('000)	**183 768**	184 024
Diluted earnings per share (cents)	**323,6**	285,8
Headline		
Profit attributable to equity holders of the parent entity	**594 643**	525 852
Adjustments for:		
Less: (gain)/loss on sale of plant and equipment	**(7 635)**	1 793
Plus impairment of assets held for sale	**–**	3 237
Plus impairment of goodwill	**2 271**	–
Total tax effects of adjustments	**2 138**	(502)
Basic headline earnings	**591 417**	530 380
Weighted average number of shares ('000)	**182 624**	181 824
Headline earnings per share (cents)	**323,8**	291,7
Headline earnings	**591 417**	530 380
Adjusted weighted average number of shares ('000)	**183 768**	184 024
Diluted headline earnings per share (cents)	**321,8**	288,2

31. Dividends per share

The dividends paid to ordinary shareholders in 2010 and 2009 were R191,8 million (105 cents per share) and R127,8 million (70 cents per share) respectively. The final dividend in respect of the year ended 28 February 2010 of R137 million (75 cents per share) amounting to a total dividend of R200,9 million (110 cents per share) is to be proposed at the board of directors' meeting on 7 May 2010 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

	2010 R'000	2009 R'000
32. Cash generated from operations		
Profit before income tax	**858 576**	757 467
Adjustments for:		
– Depreciation (note 5)	**224 959**	155 185
– Amortisation and impairment (note 6)	**4 551**	5 522
– (Profit)/loss on sale of assets (note 23)	**(7 634)**	1 793
– Finance income (note 25)	**(36 837)**	(42 630)
– Finance costs (note 25)	**65 544**	79 841
– Dividends received	**(4 139)**	–
– Foreign exchange loss/(gains) – unrealised	**(608)**	14 060
– Provision for rehabilitation (note 18)	**(2 091)**	1 974
– Income from associates (note 7)	**(20)**	(84)
– Share options granted to employees (note 29)	**12 838**	14 884
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)		
– Inventories	**1 162**	(45 296)
– Trade and other receivables	**(385 939)**	(84 915)
– Construction contracts in progress and retentions	**(48 866)**	(96 558)
– Trade and other payables	**111 603**	203 162
Net cash generated from operations	**793 099**	964 405
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
Net book amount (note 5)	**42 059**	39 089
Profit/(loss) on disposal of property, plant and equipment (note 23)	**7 634**	(1 793)
Proceeds from disposal of property, plant and equipment	**49 693**	37 296
In the cash flow statement taxation paid is calculated as follows:		
Balance due at beginning of the year	**84 159**	65 175
Add: Acquisitions	**–**	15 688
Add: Current year tax charge (note 26)	**277 480**	203 322
Less: Balance due at end of the year	**(61 517)**	(84 159)
Taxation paid	**300 122**	200 026

33. Related parties

Relationships

Associates	Muscle Construction (Pty) Limited
Joint ventures	Refer to annexure 2
Directors	JE Raubenheimer, JM Mwewa
Companies and trusts controlled by directors and directors of subsidiaries:	Agro Fuel Investments Limited
	Anchor Park Investments 71 (Pty) Limited
	Cisongo Travel & Tours Limited
	DS Vorster Landgoed CC
	First Edition Investments (Pty) Limited
	Fixtrade (Pty) Limited
	Ianrob CC
	Iromaz Trust
	Kwambo Investments (Pty) Limited
	Maxdeals CC
	Pieter Beneke Trust
	Posi Traffic Safety Products CC
	Raubex Eiendomme (Pty) Limited
	Raubenbel (Pty) Limited
	93 94 Maple Road Properties (Pty) Limited

	2010 R'000	2009 R'000
33. Related parties (continued)		
Related party balances		
Amounts included in trade receivables regarding related parties		
Anchor Park Investments 71 (Pty) Limited	–	7
H&I/Roadmac Joint Venture	–	1 663
HIR R300 Joint Venture	1 086	1 578
JE Raubenheimer	3	5
Muscle Construction (Pty) Limited	13	1
Roadmac Surfacing/KYK Joint Venture	5 425	–
Receivables from related parties (note 10)	6 527	3 254
Amounts included in trade payables regarding related parties		
Agro Fuel Investments Limited	–	150
Anchor Park Investments 71 (Pty) Limited	–	465
H&I/Roadmac Joint Venture	–	63
Muscle Construction (Pty) Limited	–	5 078
Kentha/Raumix Joint Venture	161	161
Cisongo Travel & Tours Limited	19	–
Ianrob CC	4	–
Posi Traffic Safety products CC	82	–
Payables due to related parties (note 20)	266	5 917
Loans to related parties		
First Edition Investments (Pty) Limited	–	10
Iromaz Trust	–	732
H&I/Roadmac Joint Venture	1 402	10 454
HI/Roadmac Joint Venture	–	1
HIR R300 Joint Venture	–	198
Kentha Raumix Joint Venture	1 024	156
Muscle Construction (Pty) Limited	–	5 800
Pieter Beneke Trust	–	676
Touws River Joint Venture	–	528
Loans to related parties (note 10)	2 426	18 555
Loans to entities controlled by key management:		
At beginning of year	1 418	–
Net movement	(1 418)	1 418
At 28 February	–	1 418
Loans to joint ventures		
At beginning of year	11 337	2 252
Net movement	(8 911)	9 085
At 28 February	2 426	11 337
Loans to associates:		
At beginning of year	5 800	1 700
Net movement	(5 800)	4 100
At 28 February	–	5 800
Total loans to related parties:		
At beginning of year	18 555	3 952
Net movement	(16 129)	14 603
At 28 February (note 10)	2 426	18 555

	2010 R'000	2009 R'000
33. Related parties (continued)		
Loans from related parties		
93 94 Maple Road Properties (Pty) Limited	**–**	50
H&I/Roadmac Joint Venture	**–**	6 800
Roadmac Surfacing/KYK Joint Venture	**8 468**	–
HIR R300 Joint Venture	**4 259**	–
Loans from related parties (note 20)	**12 727**	6 850
Loans from entities controlled by key management:		
At beginning of year	**50**	–
Net movement	**(50)**	50
At 28 February	**–**	50
Loans from joint ventures		
At beginning of year	**6 800**	1 952
Net movement	**5 927**	4 848
At 28 February	**12 727**	6 800
Total loans to related parties:		
At beginning of year	**6 850**	1 952
Net movement	**5 877**	4 898
At 28 February (note 20)	**12 727**	6 850
Related party transactions		
Interest received from/(paid to) related parties		
H&I/Roadmac Joint Venture	**–**	(182)
Subcontractors' fees received/(paid)		
Muscle Construction (Pty) Limited	**5 413**	271
Fixtrade (Pty) Limited	**(460)**	–
Rental of equipment and premises received from/ (paid to) related parties		
93 94 Maple Road Properties (Pty) Limited	**(2 560)**	–
DS Vorster Landgoed CC	**(694)**	–
First Edition Investments (Pty) Limited	**(272)**	–
HIR R300 Joint Venture	**5 118**	1 451
H&I/Roadmac Joint Venture	**62**	4 009
JE Raubenheimer	**69**	40
JM Mwewa	**(153)**	(206)
Kentha/Raumix Joint Venture	**(637)**	(637)
Kwambo Investments (Pty) Limited	**(660)**	–
Maxdeals CC	**(278)**	–
Muscle Construction (Pty) Limited	**–**	3 350
Raubex Eiendomme (Pty) Limited	**(828)**	(229)
Roadmac Surfacing/KYK Joint Venture	**4 759**	–
Administration fees received from/(paid to) related parties		
H&I/Roadmac Joint Venture	**–**	701
HIR R300 Joint Venture	**600**	400
Other fees received from/(paid to) related parties		
Agro Fuel Investments Limited	**–**	(1 638)
Anchor Park Investments 71 (Pty) Limited	**–**	7
Cisongo Travel & Tours Limited	**(102)**	–
Ianrob CC	**(131)**	–
H&I/Roadmac Joint Venture	**605**	6 536
HIR R300 Joint Venture	**4 294**	1 699
Kenworth (Pty) Limited	**6 000**	–
Posi Traffic CC	**(150)**	–
Raubenbel (Pty) Limited	**(35 766)**	–
Touws River Joint Venture	**–**	10

	Salary R'000	Bonuses performance-related payments R'000	Other allowances and fringe benefits R'000	Medical contri-butions R'000	Retirement fund contri-butions R'000	Total directors' emoluments R'000
33. Related parties (continued)						
Related party transactions with directors						
Directors' emoluments 2009						
Executive directors						
JE Raubenheimer	1 743	1 120	139	16	20	3 038
GM Raubenheimer	1 290	1 018	4	14	90	2 416
F Diedrechsen	1 050	1 018	240	–	90	2 398
Non-executive directors						
LA Maxwell	210	18	–	–	–	228
F Kenney	54	–	–	–	–	54
MC Matjila	45	–	–	–	–	45
M Swana	45	–	–	–	–	45
Directors' emoluments 2010						
Executive directors						
JE Raubenheimer	**1 916**	**2 060**	**136**	**12**	**–**	**4 124**
GM Raubenheimer*	**793**	**1 500**	**36**	**10**	**58**	**2 397**
RJ Fourie**	**716**	**102**	**77**	**9**	**50**	**954**
F Diedrechsen	**1 179**	**1 618**	**246**	**–**	**99**	**3 142**
Non-executive directors						
LA Maxwell	**231**	**19**	**–**	**–**	**–**	**250**
F Kenney	**68**	**–**	**–**	**–**	**–**	**68**
MC Matjila	**68**	**–**	**–**	**–**	**–**	**68**
M Swana	**31**	**–**	**–**	**–**	**–**	**31**

*Resigned 2 October 2009
**Appointed 2 October 2009

	2010 R'000	2009 R'000
34. Directors' emoluments		
Executive		
For services as directors of the company	**10 617**	7 852
For services as directors of subsidiaries	**79 348**	79 225
Senior management consists of directors of subsidiaries included above.		
35. Commitments		
Capital commitments		
Capital expenditure contracted for at the balance sheet date but not yet incurred are as follows:		
Property, plant and equipment	**8 360**	12 094
Investment in subsidiaries	**–**	35 000
Total capital commitments	**8 360**	47 094
The capital commitments will be funded by instalment sale agreements. Investment in subsidiaries will be funded as follows:		
Cash	**–**	35 000
Shares	**–**	–
	–	35 000

	2010 R'000	2009 R'000
35. Commitments (continued)		
Operating lease commitments		
The group leases various land and buildings and quarries under non-cancellable operating lease agreements. These leases have varying terms, clauses and renewal rights.		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
No later than 1 year	**7 090**	9 814
Later than 1 year and no later than 5 years	**16 869**	3 000
Later than 5 years	**413**	1 576
Total operating lease commitments	**24 372**	14 390

36. Business combinations

The business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC

On 1 September 2009 the group through Forward Infra (Pty) Limited acquired the business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC as a going concern for R6,1 million cash. The acquired businesses specialise in road marking and the supply of road studs in the KwaZulu Natal region. If the acquisition had occurred on 1 March 2009, contributions to group revenue would have been R17,2 million and net profit of R0,03 million.

Details of net assets acquired and the goodwill are as follows:

	2010 R'000	2009 R'000
Purchase consideration:		
– Cash	**6 123**	
Total purchase consideration	**6 123**	
Fair value of net assets acquired	**(5 093)**	
Goodwill	**1 030**	

The goodwill is attributable to the workforce of the acquired business and the synergies expected to arise after the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Property, plant and equipment	**4 331**	**1 638**
Inventories	**762**	**762**
Total net assets	**5 093**	**2 400**
Purchase consideration settled in cash		**6 123**
Cash and cash equivalents in the business combination acquired		**–**
Cash outflow on acquisition		**(6 123)**

Anchor Park Investments 71 (Pty) Limited
Subsequently changed to Raubair (Pty) Limited

On 1 March 2009 the group acquired 100% of the share capital of Anchor Park Investments 71 (Pty) Limited for R35 million cash. The acquired company owns a Pilatus PC12 aircraft which will provide flight services to the group and facilitate the group's SADC expansion.

Details of net assets acquired are as follows:

	2010 R'000	2009 R'000
Purchase consideration:		
– Cash	**35 766**	
– Direct costs relating to the acquisition	**20**	
Less: Sales claim	**(27 727)**	
Total purchase consideration	**8 059**	
Fair value of net assets acquired	**(5 788)**	
Goodwill	**2 271**	

36. Business combinations (continued)

The goodwill arising on acquisition is as a result of the deferred tax liability arising on the revaluation of the aircraft on purchase price allocation and has been impaired (note 6).

	Fair value R'000	Acquiree's carrying amount R'000
The assets and liabilities arising from the acquisition are as follows:		
Property, plant and equipment	35 000	26 672
Trade and other receivables	515	515
Deferred tax asset	1 127	1 127
Cash and cash equivalents	328	328
Borrowings	(27 727)	(27 727)
Deferred tax liabilities	(3 378)	(1 046)
Trade and other payables	(77)	(77)
Total net assets	**5 788**	**(208)**
Purchase consideration settled in cash		(35 786)
Cash and cash equivalents in subsidiary acquired		328
Cash outflow on acquisition		**(35 458)**

The business of Mbogoto Mining CC

On 1 February 2010 the group through Raumix Aggregates (Pty) Limited acquired the business of Mbogoto Mining CC as a going concern for R8,3 million cash. The acquired business consists of a quarrying operation near Harding in KwaZulu Natal. If the acquisition had occurred on 1 March 2009, contributions to group revenue would have been R14 million and net profit of R1,2 million. It is the group's intention to erect an asphalt plant on the site and realise the synergies between the supply of aggregates and asphalt production.

Details of net assets acquired and the goodwill are as follows:

	R'000
Purchase consideration:	
– Cash	8 306
Total purchase consideration	8 306
Fair value of net assets acquired	(8 306)
Goodwill	–

The assets and liabilities arising from the acquisition are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Property plant and equipment	6 637	6 637
Inventory	1 309	1 309
Mining right	1 000	–
Rehabilitation reserve	(500)	–
Deferred tax liability	(140)	–
Total net assets	**8 306**	**7 946**
Purchase consideration settled in cash		(8 306)
Cash and cash equivalents in business combination acquired		–
Cash outflow on acquisition		**(8 306)**

37. Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R800,3 million (2009: R700,1 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R1,2 billion (2009: R900 million).

The group is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business. The directors do not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect on the financial position or future operations of the group.

On 10 April 2008 the group acquired 100% of the share capital of Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited for R50 million. The purchase price is subject to an adjustment after expiry of a profit warranty period ending 31 August 2010. The total purchase price is limited to a maximum of R90 million. The increased purchase consideration will be determined once the interim results of the acquired entity for the six months ending 31 August 2010 have been audited.

38. Change in accounting estimate

During the current financial year, the group assessed the useful lives of property, plant and equipment in line with its accounting policy and IAS 16 Property, Plant and Equipment. The review has resulted in a change in estimate of the useful lives of plant and equipment.

This change in estimate has resulted in an additional depreciation charge during the current year of R39,4 million which is expected to recur over the remaining useful lives of the assets.

39. Events after balance sheet date

There were no material post balance sheet events to report up to the date of preparation of these group financial statements.

40. Restatement of comparative figures.

In the prior year financial statements proceeds from borrowings and repayment of borrowings were disclosed net in the group's statement of cash flows. In order to more fairly present the cash flow information, proceeds from borrowings and repayment of borrowings have been separately disclosed in the current year statement of cash flows. This has resulted in the restatement of the prior year figures.

Disclosure as per statement of cash flows for the year ended 28 February 2009.

	R'000
Proceeds from borrowings	52 173

Disclosure of comparative figures as per statement of cash flows for the year ended 28 February 2010.

Proceeds from borrowings	375 648
Repayment of borrowings	(323 475)

41. Segmental analysis

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
Reportable segments				
At 28 February 2009				
Segment revenue – external	1 022 455	2 045 908	1 094 417	4 162 780
Segment result (operating profit)	220 886	430 998	142 710	794 594
Finance income	8 734	4 442	29 454	42 630
Finance costs	(54 608)	(11 307)	(13 926)	(79 841)
Share of associate's income	–	–	84	84
Taxation	(46 749)	(121 350)	(60 514)	(228 613)
Profit for the year	128 263	302 782	97 809	528 854
Segment assets	1 530 096	880 146	1 042 894	3 453 136
Segment liabilities	681 114	495 598	420 485	1 597 197
Depreciation	106 409	22 250	26 526	155 185
Capital expenditure	217 600	90 407	74 774	382 781
Investment in associates	–	–	6 854	6 854
Inter segment revenue	32 072	65 733	7 840	105 645

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
41. Segmental analysis (continued)				
At 28 February 2010				
Segment revenue – external	1 020 927	1 976 883	1 585 073	4 582 883
Segment result (operating profit)	218 698	405 414	263 151	887 263
Finance income	7 675	4 471	24 691	36 837
Finance costs	(33 911)	(11 649)	(19 983)	(65 543)
Share of associate's income	–	–	20	20
Taxation	(54 340)	(113 373)	(98 557)	(266 270)
Profit for the year	138 122	284 863	169 322	592 307
Segment assets	1 416 562	1 276 490	1 133 358	3 826 410
Segment liabilities	538 482	491 667	526 565	1 556 714
Depreciation	129 134	44 598	51 227	224 959
Capital expenditure	99 048	79 453	73 857	252 358
Investment in associates	–	–	324	324
Inter segment revenue	93 092	15 927	9 753	118 772

Approximately 40% (2009: 30,7%) of total revenue is derived from a single external customer i.e The South African National Roads Agency (SANRAL), these revenues are attributable to all the business segments. Approximately 23% (2009: 28,1%) of total revenue is derived from South African local municipalities and provincial governments, these revenues are attributable to both the Road Surfacing and Road Construction segments.

	Local R'000	International R'000	Consolidated R'000
Additional voluntary disclosure			
Geographical information			
At 28 February 2009			
Segment revenue – external	3 841 120	321 660	4 162 780
Segment result (operating profit)	763 630	30 964	794 594
Finance income	42 392	238	42 630
Finance costs	(76 096)	(3 745)	(79 841)
Share of associate's income	84	–	84
Taxation	(218 980)	(9 633)	(228 613)
Profit for the year	511 030	17 824	528 854
Segment assets	3 287 007	166 129	3 453 136
Segment liabilities	1 527 473	69 724	1 597 197
Depreciation	153 878	1 307	155 185
Capital expenditure	375 609	7 172	382 781
Investment in associates	6 854	–	6 854
Inter segment revenue	22 579	–	22 579
At 28 February 2010			
Segment revenue – external	4 075 849	507 034	4 582 883
Segment result (operating profit)	851 625	35 638	887 263
Finance income	33 240	3 597	36 837
Finance costs	(56 613)	(8 930)	(65 543)
Share of associate's income	20	–	20
Taxation	(252 742)	(13 528)	(266 270)
Profit for the year	575 530	16 777	592 307
Segment assets	3 255 036	571 374	3 826 410
Segment liabilities	1 308 094	248 620	1 556 714
Depreciation	222 562	2 397	224 959
Capital expenditure	251 740	618	252 358
Investment in associates	324	–	324
Inter segment revenue	172 004	–	172 004

42. Interest in subsidiaries

		Issued share capital Shares	**Percentage held 2010 %**	Percentage held 2009 %	**Shares at cost 2010 R**	Shares at cost 2009 R	**Amounts owing by subsidiaries 2010 R**	Amounts owing by subsidiaries 2009 R
Direct								
Raubex (Pty) Limited	#	300	**100**	100	**1 001 620 337**	1 001 620 337	**450 960 127**	746 045 870
B&E International (Pty) Limited	•	1000	**100**	100	**473 843 959**	–	**897 539**	–
B&E International Holdings (Pty) Limited (*)	•	916	**100**	–	**–**	473 843 959	**–**	–
Acquatic Services (Pty) Limited (SPH Group)	•	300	**100**	100	**111 336 220**	111 336 220	**–**	–
Indirect							**–**	**–**
Akasia Road Surfacing (Pty) Limited	^	100	**100**	100	**120 796 280**	120 796 280	**–**	–
Aliwal Dolorite Quarry (Pty) Limited	•	100	**100**	100	**7 600 000**	7 600 000	**–**	–
Acquasoil (Pty) Limited	d	40 000	**100**	100	**–**	–	**–**	–
B&E International (Botswana) (Pty) Limited	d	10 000	**100**	100	**–**	–	**–**	–
B&E International (Lesotho) (Pty) Limited	d	1 000	**100**	100	**–**	–	**–**	–
B&E International (Namibia) (Pty) Limited	•	200	**74**	74	**–**	–	**–**	–
B&E International (Swaziland) (Pty) Limited	d	4 000	**100**	100	**–**	–	**–**	–
B&E Quarries (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
B&E Quarries Leasing (Pty) Limited	d	1 000	**100**	100	**–**	–	**–**	–
Bedrock Mining (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Bekha Trading (Pty) Limited	•	100	**100**	100	**–**	–	**–**	–
Canyon Rock (Pty) Limited	•	120	**100**	100	**46 294 000**	46 294 000	**–**	–
Centremark Roadmarking (Pty) Limited	^	100	**60**	60	**1 400 036**	1 400 036	**–**	–
Cherry Moss Trade and Invest (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
DBE Mining (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Forward Infra (Pty) Limited	^	100	**100**	100	**100**	100	**–**	–
Haulking (Pty) Limited	d	100	**100**	100	**100**	100	**–**	–
Instant Concrete Investments (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Lacrete Construction (Pty) Limited	d	100	**100**	100	**100**	100	**–**	–
Milling Techniks (Pty) Limited	^	100	**100**	100	**15 000 000**	15 000 000	**–**	–
Multistone Construction (Pty) Limited	^	100	**100**	100	**100**	100	**–**	–
Narindonde Construction (Pty) Limited	•	100	**74**	74	**–**	–	**–**	–
Notwane Quarries (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Petra Quarry (Pty) Limited	•	100	**100**	100	**3 849 070**	3 849 070	**–**	–
Phambili Road Surfacing (Pty) Limited	^	100	**100**	100	**20 515 136**	20 515 136	**–**	–
Pretoria Amalgamated Quarries (Pty) Limited	†	870 000	**100**	100	**–**	–	**–**	–
Queenstown Quarry (Pty) Limited	•	100	**100**	100	**21 929 104**	21 929 104	**–**	–
Raubair (Pty) Limited	a	100	**100**	–	**8 083 803**	–	**–**	–
Raubex BGM Joint Venture Limited	d	5 000 000	**100**	100	**9 791**	9 791	**–**	–
Raubex Civil (Pty) Limited	#	100	**100**	100	**14 999 105**	14 999 105	**–**	–
Raubex Construction (Pty) Limited	^	100	**100**	100	**87 300 660**	87 300 660	**–**	–
Raubex Construction Namibia (Pty) Limited	d	100	**74**	–	**74**	–	**–**	–
Raubex Construction Zambia Limited	^	5 000 000	**100**	100	**6 008 989**	6 008 989	**–**	–
Raubex North (Pty) Limited	d	100	**100**	100	**100**	100	**–**	–
Raumix (Pty) Limited	•	100	**95**	100	**15 489 165**	23 477 234	**–**	–
Raumix Aggregates (Pty) Limited (*)	•	916	**100**	100	**–**	–	**30 992 731**	–
Roadmac (Pty) Limited	#	100	**100**	100	**84 550 070**	84 550 070	**–**	–
Roadmac Surfacing (Pty) Limited	^	100	**100**	100	**20 000 080**	20 000 080	**–**	–
Roadmac Surfacing Cape (Pty) Limited	^	200	**100**	100	**24 299 160**	24 299 160	**–**	–
Roadmac Surfacing KZN (Pty) Limited	^	100	**100**	100	**151 015**	151 015	**–**	–
Saldanha Plant Hire (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Space Construction (Pty) Limited	^	100	**100**	100	**43 906 750**	43 906 750	**–**	–
Space Indlela Construction (Pty) Limited	d	900	**100**	100	**6 538 806**	6 538 806	**–**	–
SPH Earthmoving (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
SPH Equipment Hire (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
SPH Group (Pty) Limited	#	300	**100**	100	**–**	–	**–**	–
SPH Group Properties (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
SPH Kundalila (Pty) Limited	•	100	**100**	100	**–**	–	**–**	–
SPH Sand (Pty) Limited	d	100	**100**	100	**–**	–	**–**	–
Stabilpave (Pty) Limited	d	200	**100**	100	**200**	200	**–**	–
Super Civil Construction (Pty) Limited	d	100	**100**	100	**100**	100	**–**	–
Thaba Bosiu Construction (Pty) Limited	^	1 200	**100**	100	**64 794 817**	64 794 817	**–**	–
Willows Quarries (Pty) Limited	•	100	**100**	100	**–**	–	**–**	–
Zamori Construction (Pty) Limited	^	120	**100**	100	**35 799 275**	35 799 275	**–**	–

Nature of business

^ *Rehabilitation of roads, civil and general construction work*

• *Contract crushing and material handling*

† *Property holding company*

Investment and holding company

d *Dormant entity*

a *Aviation*

On 1 March 2009 the Aggregates division was restructured. B&E International Holdings (Pty) Limited, formerly held directly by Raubex Group Limited, was transferred to an indirect holding and changed its name to Raumix Aggregates (Pty) Limited. B&E International (Pty) Limited, formerly held by B&E International Holdings (Pty) Limited, was transferred to a direct holding by Raubex Group Limited. Acquatic Services (Pty) Limited, formerly held by Raumix (Pty) Limited, was transferred to a direct holding by Raubex Group Limited.

All companies are incorporated in South Africa except Raubex Construction Zambia Limited and Raubex BGM Joint Venture Limited which are incorporated in Zambia, B&E International (Botswana) (Pty) Limited, B&E International (Lesotho) (Pty) Limited, B&E International (Namibia) (Pty) Limited and Raubex Construction Namibia (Pty) Limited.

Raubex (Pty) Limited and Roadmac Surfacing (Pty) Limited operate through branches registered in Namibia.

The group maintains a register of all subsidiaries for inspection at the registered office of Raubex Group Limited.

	Country	Nature of business	Proportion of interest held 2010 %	Proportion of interest held 2009 %
43. Interest in joint ventures				
Joint ventures				
Kentha/Raumix Joint Venture	South Africa	Aggregates	**49**	49
Raubex/HIR Namibia Roads Joint Venture	Namibia	Road construction	**50**	50
H&I/Roadmac Joint Venture	South Africa	Road surfacing	**50**	50
HIR R300 Joint Venture	South Africa	Road surfacing	**35**	35
Roadmac Surfacing/KYK Joint Venture	South Africa	Road surfacing	**60**	–

The group maintains a register of all joint ventures for inspection at its registered office.

FINANCIAL INFORMATION:

	2010 R'000	2009 R'000
Balance sheet		
(Group's proportionate share of assets and liabilities)		
Assets		
Non-current assets	**21**	6
Current assets	**24 787**	34 133
	24 808	34 139
Equity and liabilities		
Partners' interest	**–**	2 410
Non-current liabilities	**–**	–
Current liabilities	**24 808**	31 729
	24 808	34 139
Income statement		
(Group's proportionate share of income and expenditure)		
Revenue	**110 656**	82 680
Profit/(loss) attributable to group	**24 673**	13 796

Statement of financial position

for the year ended 28 February 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**1 551 398**	1 475 464
Total non-current assets		**1 551 398**	1 475 464
Current assets			
Loans to group companies	3	**482 850**	746 046
Trade and other receivables	4	**–**	–
Cash and cash equivalents	5	**156 899**	49
Total current assets		**639 749**	746 095
Total assets		**2 191 147**	2 221 559
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	6	**1 826**	1 826
Share premium	6	**2 139 720**	2 139 720
Reserves		**42 083**	29 245
Retained income		**5 314**	50 583
Total equity		**2 188 943**	2 221 374
Liabilities			
Current liabilities			
Trade and other payables		**2 196**	185
Current income tax liabilities		**8**	–
Total current liabilities		**2 204**	185
Total equity and liabilities		**2 191 147**	2 221 559

The notes on pages 72 to 82 are an integral part of these financial statements.

Statement of comprehensive income

for the year ended 28 February 2010

	Note	2010 R'000	2009 R'000
Revenue		**167 628**	191 200
Administrative expenses		**(2 403)**	(512)
Other income		**–**	36
Operating profit		**165 225**	190 724
Finance income		**477**	476
Finance costs		**–**	(1)
Profit before income tax		**165 702**	191 199
Income tax expense	7	**(19 216)**	(12 784)
Profit for the year		**146 486**	178 415
Other comprehensive income		**–**	–
Total comprehensive income for the year		**146 486**	178 415

The notes on pages 72 to 82 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 28 February 2010

	Share capital R'000	Share premium R'000	Reserves for own shares/ share repurchase reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 1 March 2008	**1 725**	**1 830 853**	**14 361**	**4**	**1 846 943**
Changes in equity:					
Issue of share capital and share premium	101	309 886	–	–	309 987
Employees' share option scheme	–	–	14 884	–	14 884
Share issue expenses	–	(1 019)	–	–	(1 019)
Profit for the year	–	–	–	178 415	178 415
Dividends paid	–	–	–	(127 836)	(127 836)
Total changes	101	308 867	14 884	50 579	374 431
Balance at 1 March 2009	**1 826**	**2 139 720**	**29 245**	**50 583**	**2 221 374**
Changes in equity:					
Issue of share capital and share premium	–	–	–	–	–
Employees' share option scheme	–	–	12 838	–	12 838
Share issue expenses	–	–	–	–	–
Profit for the year	–	–	–	146 486	146 486
Dividends paid	–	–	–	(191 755)	(191 755)
Total changes	–	–	12 838	(45 269)	(32 431)
Balance at 28 February 2010	**1 826**	**2 139 720**	**42 083**	**5 314**	**2 188 943**
Note	6	6			

The notes on pages 72 to 82 are an integral part of these financial statements.

Statement of cash flows

for the year ended 28 February 2010

	Note	**2010 R'000**	2009 R'000
Cash flows from operating activities			
Cash generated from operations	8	**(393)**	966
Dividends received		**167 629**	191 200
Interest received		**477**	476
Interest paid		**–**	(1)
Taxation paid	8	**(19 208)**	(12 784)
Net cash generated from operating activities		**148 505**	179 857
Cash flows from investing activities			
Movement in investments		**(75 934)**	(221 166)
Loans repaid by group companies		**276 034**	170 190
Net cash from investing activities		**200 100**	(50 976)
Cash flows from financing activities			
Share issue expenses		**–**	(1 019)
Dividends paid		**(191 755)**	(127 837)
Net cash from financing activities		**(191 755)**	(128 856)
Total cash movement for the year		**156 850**	25
Cash and cash equivalents at the beginning of the year		**49**	24
Total cash and cash equivalents at the end of the year	5	**156 899**	49

The notes on pages 72 to 82 are an integral part of these financial statements.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act of South Africa and are consistent with those of the previous year. The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit and loss.

1.1 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to group companies

These include loans to fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1. Summary of significant accounting policies (continued)

1.2 Financial instruments (continued)

Trade and other receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.3 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.4 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

1. Summary of significant accounting policies (continued)

1.4 Share-based payments (continued)

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest income and dividends

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.6 Borrowing costs

Borrowing costs are recognised directly in the income statement when incurred.

1.7 Standards, interpretations and amendments to published standards.

International Financial Reporting Standards and amendments effective for the first time for February 2010 year-end

Number	Title	Effective date	Executive summary
IFRS 8	Operating Segments	1 January 2009	IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
IAS 23	Borrowing Costs – Revised	1 January 2009	The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
IAS 1	Presentation of Financial Statements – Revised	1 January 2009	The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
Amendment to IFRS 2	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations	1 January 2009	The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

Number	Title	Effective date	Executive summary
Amendment to IAS 32 and IAS 1	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.
Amendments to IFRS 1 and IAS 27	Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	The amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendments also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
Amendments to IFRS 7	Amendments to IFRS 7 – Financial Instruments Disclosures: Improving Disclosures about Financial Instruments	1 January 2009	The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities.
N/a	Improvements to IFRSs (Issued May 2008)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

The Improvements to IFRSs (issued May 2008) was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards effective for the first time for February 2010 year-ends, except as noted below:

IFRS	Subject of amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary (effective from 1 July 2009)
IFRS 7 Financial Instruments: Disclosures	Presentation of finance costs
IAS 1 Presentation of Financial Statements	Current/non-current classification of derivatives
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Status of implementation guidance
IAS 10 Events after the Reporting Period	Dividends declared after the end of the reporting period
IAS 16 Property, Plant and Equipment	Recoverable amount
	Sale of assets held for rental
IAS 18 Revenue	Costs of originating a loan
IAS 19 Employee Benefits	Curtailments and negative past service cost
	Plan administration costs
	Replacement of term 'fall due'
	Guidance on contingent liabilities
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Government loans with a below-market rate of interest
	Consistency of terminology with other IFRSs
IAS 23 Borrowing Costs	Components of borrowing costs
IAS 27 Consolidated and Separate Financial Statements	Measurement of subsidiary held for sale in separate financial statements
IAS 28 Investments in Associates	Required disclosures when investments in associates are accounted for at fair value through profit or loss
	Impairment of investment in associate
IAS 29 Financial Reporting in Hyperinflationary Economies	Description of measurement basis in financial statements
	Consistency of terminology with other IFRSs
IAS 31 Interests in Joint Ventures	Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss
IAS 34 Interim Financial Reporting	Earnings per share disclosures in interim financial reports
IAS 36 Impairment of Assets	Disclosure of estimates used to determine recoverable amount
IAS 38 Intangible Assets	Advertising and promotional activities
	Units of production method of amortisation
IAS 39 Financial Instruments: Recognition and Measurement	Reclassification of derivatives into or out of the classification of at fair value through profit or loss
	Designating and documenting hedges at the segment level
	Applicable effective interest rate on cessation of fair value hedge accounting
IAS 40 Investment Property	Property under construction or development for future use as investment property
	Consistency of terminology with IAS 8
	Investment property held under lease

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

IFRS	Subject of amendment
IAS 41 Agriculture	Discount rate for fair value calculations
	Additional biological transformation
	Examples of agricultural produce and products
	Point-of-sale costs

International Financial Reporting Standards and amendments issued but not effective for February 2010 year-end

Number	Title	Effective date	Executive summary
IFRS 3	Business Combinations – Revised	1 July 2009	The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
IAS 27	Consolidated and Separate Financial Statements – Revised	1 July 2009	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
Amendments to IAS 39	Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items	1 July 2009	The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.
IFRS 1	First time Adoption of International Financial Reporting Standards – Revised	1 July 2009	The revised standard has an improved structure but does not contain any technical changes.
Amendments to IFRS 2	Amendments to IFRS 2: Group cash-settled share-based payment transactions	1 January 2010	The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.
Amendments to IAS 32*	Amendments to IAS 32 – Classification of rights issues	1 February 2010	The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

Number	Title	Effective date	Executive summary
IAS 24*	Amendment to IAS 24– Related party disclosures	1 January 2011	This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party.
IFRS 9 *	IFRS 9 – Financial Instruments	1 January 2013	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.
N/a	Improvements to IFRSs (Issued April 2009)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2010	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

* *These amendments are still subject to release by the Accounting Practices Board in South Africa.*

Improvements to IFRSs (issued April 2009) was issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 28 February 2010 year-ends:

IFRS	Subject of amendment
IFRS 2 Share-based Payment	Scope of IFRS 2 and revised IFRS 3
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
IFRS 8 Operating Segments	Disclosure of information about segment assets
IAS 1 Presentation of Financial Statements	Current/non-current classification of convertible instruments
IAS 7 Statement of Cash Flows	Classification of expenditures on unrecognised assets
IAS 17 Leases	Classification of leases of land and buildings
IAS 18 Revenue	Determining whether an entity is acting as a principal or as an agent
IAS 36 Impairment of Assets	Unit of accounting for goodwill impairment test
IAS 38 Intangible Assets	Additional consequential amendments arising from revised IFRS 3
	Measuring the fair value of an intangible asset acquired in a business combination
IAS 39 Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives
	Scope exemption for business combination contracts
	Cash flow hedge accounting
IFRIC 9 Reassessment of Embedded Derivatives	Scope of IFRIC 9 and revised IFRS 3
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Amendment to the restriction on the entity that can hold hedging instruments

1. Summary of significant accounting policies

1.7 Standards, interpretations and amendments to published standards (continued)

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for February 2010 year-ends

Number	Title	Effective date	Executive summary
IFRIC 13	Customer Loyalty Programmes	1 Jul 2008	IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
IFRIC 15	Agreements for the Construction of Real Estate	1 Jan 2009	IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 Construction contracts or IAS 18 Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 Oct 2008	IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.
Amendment to IFRIC 9 and IAS 39	Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement	1 Jul 2008	The amendments clarify that if a financial asset is reclassified out the 'fair value through profit or loss' category it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category.
IFRIC 18	Transfers of Assets from Customers	Effective for transfers from 1 Jul 2009	IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

Interpretations of International Financial Reporting Standards issued but not yet effective for February 2010 year-ends

Number	Title	Effective date	Executive summary
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as *dividends in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
IFRIC 19	IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.
Amendments to IFRIC 14	Pre-payments of a Minimum Funding Requirement (amendments to IFRIC 14)	1 January 2011	This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

South African Interpretations of International Financial Reporting Standards effective for the first time for February 2010 year-ends

Number	Title	Effective date	Executive summary
Revised AC 503	Accounting for Black Economic Empowerment Transactions – Revised	1 January 2009	The Accounting Practices Committee has revisited AC 503 in light of the amendments to IFRS 2. As a result of these amendments, paragraphs 18 to 25 and the related Illustrative Examples and Basis for Conclusions of AC 503 have been revised to take into account the amended definition of vesting conditions and the accounting treatment of non-vesting conditions.

South African Interpretations of International Financial Reporting Standards issued but not effective for February 2010 year-ends

Number	Title	Effective date	Executive summary
AC 504	IAS 19 (AC 116) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	1 April 2009	The interpretation provides guidance on the application of IFRIC 14(AC 447) in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19(AC 116).

		2010 R'000	2009 R'000
2.	**Investment in subsidiaries**		
	Name of company		
	Raubex (Pty) Limited – 100% holding	**1 001 620**	1 001 620
	B&E International Holdings (Pty) Limited – 100% holding	**–**	473 844
	B&E International (Pty) Limited – 100% holding	**438 442**	–
	Acquatic Services (Pty) Limited – 100% holding	**111 336**	–
	Total investment in subsidiaries	**1 551 398**	1 475 464
	The carrying amounts of investment in subsidiaries are shown net of impairment losses.		
3.	**Loans to group companies**		
	Raubex (Pty) Limited	**450 960**	746 046
	Raumix Aggregates (Pty) Limited	**30 993**	–
	B&E International (Pty) Limited	**897**	–
	Total loans to group companies	**482 850**	746 046
	The loans are interest free and have no fixed terms of repayment.		
4.	**Trade and other receivables**		
	Value-added tax receivable	**–**	–
5.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Bank balance	**2 419**	49
	Investments on call	**154 480**	–
	Total cash and cash equivalents	**156 899**	49
6.	**Share capital**		
	Authorised		
	500 000 000 ordinary shares of one cent each	**5 000**	5 000
	Issued		
	182 623 583 ordinary shares of one cent each	**1 826**	1 826
	Issued		
	Ordinary shares	**1 826**	1 826
	Share premium	**2 139 720**	2 139 720
		2 141 546	2 141 546
7.	**Taxation**		
	South African normal taxation		
	Current tax		
	Current period	**134**	–
	Recognised in current tax for prior periods (under provision 2009)	**85**	–
	Secondary tax on companies	**18 997**	12 784
	Total South African normal taxation	**19 216**	12 784

Notes to the financial statements

for the year ended 28 February 2010 (continued)

		2010 R'000	2009 R'000
8.	**Cash generated from operations**		
	Profit before income tax	**165 702**	191 199
	Adjustments for:		
	– Finance income	**(477)**	(476)
	– Finance costs	**–**	1
	– Dividends received	**(167 629)**	(191 200)
	Changes in working capital		
	– Trade and other receivables	**–**	2 061
	– Trade and other payables	**2 011**	(619)
	Net cash generated from operations	**(393)**	966
	In the cash flow statement taxation paid is calculated as follows:		
	Balance due at beginning of year	**–**	–
	Add: current year tax charge (note 7)	**19 216**	12 784
	Less: Balance due at end of year	**(8)**	–
	Taxation paid	**19 208**	12 784
9.	**Related party transactions**		
	Relationship		
	Subsidiary – direct — Raubex (Pty) Limited		
	Subsidiary – direct — B&E International (Pty) Limited		
	Subsidiary – Indirect — Raumix Aggregates (Pty) Limited		
	Related party balances		
	Loans to related parties		
	At beginning of year	**746 046**	844 042
	Net movement	**(263 196)**	(97 996)
	At 28 February	**482 850**	746 046
	Amounts included in trade payables		
	Raubex (Pty) Limited	**2 177**	–
	Administration fees received from related parties		
	Raubex (Pty) Limited	**–**	36
	Other fees paid to related parties		
	Raubex (Pty) Limited	**1 909**	–

10. Directors' emoluments

No emoluments were paid to the directors during the year.

Notice to members

Notice is hereby given that the fourth annual general meeting of members of Raubex Group Limited (Raubex or the company) will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 8 October 2010 at 10h00 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the year ended 28 February 2010, together with the reports of the directors and auditors thereon.

2. To re-elect, individually, the following directors who being eligible, offer themselves for re-election in terms of the Articles of Association of the company (the articles).

   Messrs MC Matjila, RJ Fourie, F Diedrechsen, JE Raubenheimer, F Kenney, MB Swana and LA Maxwell retire by rotation in terms of the articles.

   Messrs MC Matjila, RJ Fourie, F Diedrechsen, JE Raubenheimer, F Kenney and LA Maxwell, being eligible for re-election in terms of the articles, offer themselves for re-election and re-appointment as directors of the company.

   An abbreviated *curriculum vitae* in respect of each director offering himself for re-election is contained on page 88 of this annual report.

3. To resolve not to fill the vacated office of Mr M Swana at this annual general meeting.

4. To authorise the directors to determine the remuneration of the auditors for the past audit.

5. To reappoint PricewaterhouseCoopers Inc. as the independent registered auditors of the company, and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2011 is Mr L Rossouw.

6. To approve the payment of remuneration to the directors.

7. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

   Ordinary resolution No. 1
   "Resolved that, the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control of the directors of the company in terms of sections 221 and 222 of the Companies Act, 1973 (Act No 61 of 1973), as amended (Companies Act) until the next annual general meeting, to enable them to allot and issue such ordinary shares at their discretion, subject to the provisions of the Companies Act, the company's Articles of Association and the Listing Requirements of the JSE Limited (JSE Listing Requirements), provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company from time to time."

8. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

   Ordinary resolution No. 2
   "Resolved that, the directors of the company be and they are hereby authorised by way of general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the JSE Listing Requirements, which currently provide, *inter alia*, that:
   - this authority shall be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
   - a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of shares in issue prior to such issue;
   - issues in the aggregate in any one financial year will not exceed 15% of the number of ordinary shares in the company's issued share capital from time to time;
   - in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors; and
   - any such issue will only be made to public shareholders as defined in the JSE Listing Requirements,

   provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company, from time to time."

   The approval of a 75% majority of the votes cast by ordinary shareholders present or represented by proxy at this annual general meeting is required for the authority in 8 above to become effective.

9. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

Ordinary resolution No. 3
"Resolved that the Raubex Group Limited Deferred Stock Scheme, the principal terms of which are set out in Annexure A to this notice of the annual general meeting, (the Scheme), is hereby approved by the shareholders of the company."

The provisions of Schedule 14 of the JSE Listing Requirements apply to the Scheme. Consequently, in order to approve ordinary resolution number 3, at least 75% of the votes of the shareholders present or represented by proxy at the annual general meeting must be cast in favour thereof.

The full Scheme document will be available for inspection during normal business hours at the company's registered office and at the office of the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, for a period of 14 days prior to the annual general meeting.

10. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

Ordinary resolution No. 4
"Resolved that, subject to the passing of ordinary resolution number 3, the following limits shall apply, as contemplated in clause 4 of the Scheme, in respect of the share options to be issued in terms of the Scheme during the financial year of the company ending 28 February 2011:
– the maximum number of ordinary shares in the company in respect of which options may be granted to eligible employees shall be 848 400 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2010, being R20,51); and
– the maximum number of ordinary shares in the company in respect of which option may be granted to any particular eligible employee shall be 107 300 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2010, being R20,51)."

11. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

Special resolution No. 1
"Resolved that, the directors of the company be and are hereby authorised, by way of general approval pursuant, *inter alia*, to articles 13 and 14 of the company's Articles of Association, to facilitate, *inter alia*, the acquisition by Raubex, or a subsidiary of Raubex (collectively the Group), from time to time of the issued ordinary shares of Raubex upon such terms and conditions and in such number as the directors of the company may from time to time decide, but subject to the provisions of the Companies Act and the JSE Listing Requirements from time to time, which general approval shall endure until the next annual general meeting of the company; provided that it shall not extend beyond fifteen months from the date of the annual general meeting at which this special resolution is passed, it being recorded that the JSE Listing Requirements currently require, *inter alia*, in relation to a general approval of shareholders that:
– acquisitions of securities be implemented through the order book operated by the JSE Limited trading system and done without prior understanding or arrangement between the company and the counterparty;
– acquisitions in any one financial year are limited to a maximum of 20% of the company's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Raubex are limited to a maximum of 10% of the company's issued share capital of the relevant class.
– an acquisition may not be made at a price more than 10% above the weighted average of the market value for the shares in question for the five business days immediately preceding the date on which the acquisition is agreed;
– a paid press announcement containing details of such acquisition must be published as soon as the company and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the annual general meeting at which this special resolution is passed (initial number) and for each 3% in aggregate of the initial number acquired thereafter;
– at any point in time, the company may only appoint one agent to effect any repurchases;
– no repurchase may take place during prohibited periods stipulated by the Listing Requirements."

Although no repurchase of shares is contemplated at the present time, the directors, having considered the effects of a repurchase of the maximum number of ordinary shares issued in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of annual general meeting:
– the company and the group will be able, in the ordinary course of business, to pay its debts as they become due;
– the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of its consolidated liabilities;
– the issued share capital and reserves of the company and the group are adequate for their ordinary business purposes; and
– the working capital of the company and the group will be adequate for a period of 12 (twelve) months from date of this notice of annual general meeting.

For the purposes of considering special resolution number 1 and in compliance with Rule 11.26(b) of the JSE Listing Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the pages as indicated.
- Directors and management – pages 2 and 3;
- Major shareholders – page 21;
- Material changes – page 21;
- Directors' interest in securities – page 21;
- Share capital of the company – page 81; and
- Litigation statement – page 85

This special resolution number 1 is to be voted on by the ordinary shareholders in the company.

The reason for this special resolution is to obtain, and the effect thereof is to grant the company, a general approval in terms of the Companies Act for the acquisition by the company, or a subsidiary of the company, of ordinary shares in the capital of the company, which general approval shall be valid until the next annual general meeting of the company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of the annual general meeting at which this special resolution is passed.

Litigation statement
In terms of Section 11.26 of the JSE Listing Requirements, the directors, whose names appear on the inside back cover of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

Directors' responsibility statement
The directors, whose names appears on the inside back cover of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the information referred to in this special resolution number 1 contains all the information required by law and the JSE Listing Requirements.

Material changes
Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The reason for and effect of this special resolution is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listing Requirements for the implementation and administration of the share incentive scheme.

12. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution.

Ordinary resolution No. 5
"Resolved that, any director of the company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the annual general meeting at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and registered by the Registrar of Companies (in the case of special resolutions)."

13. To transact such other business as may be transacted at an annual general meeting of members.

Notes:
A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with the Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown 2107) so as to be received not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the annual general meeting of Raubex shareholders to be held at 10h00 on Friday, 8 October 2010 (the Raubex annual general meeting), but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown 2107) so as to be received by no later than 13h00 on Wednesday 6 October 2010.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex annual general meeting in person, please request your CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

By order of the Board

Heike Elze Ernst
Company Secretary

Annexure A

Principal terms of the proposed Deferred Stock Scheme

1. Purpose

The Deferred Stock Scheme ("**Scheme**") is intended to retain and incentivise selected executives or members of senior management in the full time employ of the Company ("**Employees**") by giving them the opportunity to acquire an interest in, and participate in the economic benefit of, thereby providing them with a further incentive to advance the Company's interests and promoting the alignment of the interests of the Employees and the Company.

2. Duration

The Scheme shall endure for a period of five years from the date of initial approval of the Scheme by the Company's shareholders, unless the shareholders resolve to extend the Scheme.

3. Extent of and limitations on Scheme

3.1 The shareholders of the Company will annually determine:

3.1.1 the maximum number of ordinary shares in the Company (ranking *pari passu* to the existing ordinary shares of the Company in all respects) ("**Shares**") in respect of which Options may be granted to Employees in terms of the Scheme in a particular financial year; and

3.1.2 the maximum number of Shares in respect of which Options may be granted to any particular Employee in terms of the Scheme in a particular financial year.

3.2 The board of directors of the Company ("**Board**") will make recommendations to the Company's shareholders for purposes of determining the maximum numbers of Shares as contemplated in 3.1.

3.3 The maximum Share numbers will be subject to adjustment under certain circumstances (see paragraphs 7.3 and 7.4 below).

4. Eligibility of Employees to participate in the Scheme

The Board will be responsible to identify Employees:

4.1 who are strategically important for the Company to retain for the future profitability of the Company and its subsidiaries ("**Group**"); and/or

4.2 with exceptional work performance, to participate in the Scheme.

5. Options

5.1 Options will only be exercisable after a specified period, being not less than three years ("**Retention Period**").

5.2 Options granted to an Employee will only be valid if such Employee concludes a restraint agreement with the Company, in terms of which, amongst other things, the Employee will not:

5.2.1 terminate his employment with the Group for a period of three years from the granting of the Option; and

5.2.2 for a period of two years from the date of termination of his employment:

5.2.2.1 compete with the Group;

5.2.2.2 entice employees of the Group to terminate such employment;

5.2.2.3 entice customers, suppliers, distributors or business partners of the Group to end such relationship with the Group.

5.3 The price payable by an Employee to acquire Shares in terms of an Option will be the greater of the par value of the Shares and R0,01 per Share ("**Option Price**").

5.4 Employees will be entitled to exercise Options for a period of 40 business days after expiry of the Retention Period of such Option.

5.5 The Option Price is payable:

5.5.1 by the Employee in cash within 40 Business Days after the date of exercise of the Option; or

5.5.2 by deducting such amount from remuneration payable (if any) to the Employee.

5.6 Exercised Options will be settled either:

5.6.1 by way of an allotment and issue of Shares by the Company to the relevant Employee; or

5.6.2 by the acquisition of Shares in the market on the relevant Employee's behalf.

6. Termination of employment during Retention Period

6.1 **"good leavers"**

6.1.1 An Employee will be a "good leaver" if he ceases to be employed by the Group for any of the following reasons:

6.1.1.1 resignation (with the Company's consent);

6.1.1.2 ill health, injury or disability;

6.1.1.3 death;

6.1.1.4 mandatory retirement;

6.1.1.5 dismissal due to the Group's operational requirements;

6.1.1.6 unfair dismissal (as determined by the CCMA or a court of competent jurisdiction); or

6.1.1.7 the transfer of the undertaking or any part of the undertaking in respect of which the Employee is employed by the Group to a person which does not form part of the Group.

6.1.2 If an Employee's employment with the Group terminates during the Retention Period applicable to an Option held by him for a reason set out in 6.1.1, the Retention Period will expire upon such termination and the Employee will be entitled to exercise such Option for a period of 40 business days thereafter.

6.2 **"bad leavers" and non-mandatory retirement**

If an Employee's employment with the Group terminates during the Retention Period applicable to an Option held by him for any reason other than those set out in 6.1.1, the relevant Option shall lapse immediately upon termination of his employment and be of no further force or effect whatsoever.

7. Corporate actions and mergers and takeovers

7.1 In the event of a merger, change of control (as defined in the Listings Requirements) or delisting of the Company during the Retention Period applicable to an Option, the Retention Period in respect of such Option will expire on the date of the aforementioned event and the Employee will be entitled to exercise such Option for a period of 40 business days thereafter.

7.2 If a member of the Group employing an Employee ceases to be a member of the Group during the Retention Period applicable to an Option held by such Employee, the Retention Period in respect of such Option will expire on the day on which such employer company ceases to be a member of the Group and the Employee will be entitled to exercise such Option for a period of 40 business days thereafter.

7.3 In the event of a sub-division or consolidation of Shares, the maximum numbers of Shares contemplated in 3.1 and the Option Price payable on the exercise of Options will, if appropriate, be adjusted by the Board in order to give Option holders an entitlement to the same proportion of equity capital as that to which they were entitled prior to such sub-division or consolidation, as the case may be.

7.4 In the event of a capitalisation issue, special dividend, unbundling, rights issue, reduction of capital or similar action by the Company, the maximum number of Shares contemplated in 3.1.2 and the Option Price payable on the exercise of Options may be adjusted by the Board in order to give Option holders an entitlement to the same proportion of equity capital as that to which they were entitled prior to the Company taking such action.

8. Amendment of Scheme

8.1 The shareholders of the Company in general meeting must approve (by the requisite majority in terms of the Listings Requirements) in advance by ordinary resolution any proposed amendment to the Scheme relating to the following:

8.1.1 the category of persons to whom or for the benefit of whom Shares may be issued under the Scheme;

8.1.2 the maximum numbers of Shares that may be utilised for purposes of the Scheme;

8.1.3 the Option Price;

8.1.4 the period during which the Option Price for Shares are to be paid;

8.1.5 the basis upon which Options are awarded to Employees;

8.1.6 the treatment of Options in instances of mergers, takeovers or corporate actions; and

8.1.7 the rights of Employees who leave the employment of the Group.

8.2 Other terms of the Scheme may be amended by the Board in any way, provided that such amendments do not adversely affect the terms of any Options already granted.

Summary of *Curricula Vitae*

Executive Directors

Rudolf Johannes Fourie – Chief Executive Director (44) – N Dip Marketing Management

Rudolf joined the Raubex Group in 1997 as Managing Director of a newly formed company Roadmac Surfacing. Under his management, it has grown to be the leading surfacing company in South Africa. He has 21 years' experience in road surfacing and the bitumen industry. He became the Chief Executive Officer on 01 March 2010. Prior to working for Raubex he worked as regional manager for the Colas Group until 1997 after he completed his studies in 1989.

Francois Diedrechsen – Finance and Commercial Director (38) – BCompt (Hons)

Francois joined Raubex in March 2004 after concluding Raubex's empowerment transaction with Matlapeng. He was appointed as a director of Raubex early in 2006 and has led the restructuring and strategic planning of Raubex with a view to the eventual listing. He has also led various mergers and acquisitions for the group since joining. Prior to Raubex, Francois was the Chief Executive Officer of JIC Mining and Construction, a leading mining contracting firm in South Africa, where he had spent 12 years. After leaving JIC Mining and Construction, Francois established Matlapeng, where he was Chief Executive Officer until accepting full-time employment at Raubex.

Non-Executive Directors

Marake Collin Matjila – Non-Executive Chairperson (49) – BA (Law) (University of Lesotho), LLB (University of Witwatersrand), MAP (Harvard University)

Collin was an active member of the CIVIC Movement and has held various leadership positions in the ANC. He led the ANC negotiations prior to the formation of the Greater Johannesburg Transitional Metropolitan Council during 1994 and was appointed Chairperson of the Executive Committee until April 2000 when he joined Kopano Ke Matla Investment Company. His extensive knowledge of local government earned him the appointment as the first Chairperson of the South African Local Government Association in 1996. He simultaneously served as Chairperson of the Commonwealth Local Government Forum and as an Executive Member of the International Union of Local Authorities. A keen sense for business, practical knowledge and leadership, executive management skills led to his appointment as the Chief Executive Officer of Kopano Ke Matla Investment Company, the investment arm of COSATU, in May 2000. Within the public sector portfolio positions held by Collin had been Chief Executive Officer of the Command Centre for Emergency Reconstruction (a special purpose vehicle formed by Cabinet in 2001 to reconstruct flood damaged infrastructure in the country with a project value of over R1,5 billion). Collin was also appointed as the chairperson of the National Electricity Regulator in 2000 and currently serves as Chairperson of the National Energy Regulator of South Africa. In addition to holding director and chairperson positions in listed and unlisted entities, Collin has also been recognised as one of the Top 12 Business Personalities by the South African Chamber of Commerce. His role as Non-Executive Chairperson enables him to pass on the wisdom gained in top management. His role includes providing strategic direction and guidance for the executive team.

Jacobus (Koos) Esaias Raubenheimer – Non-Executive Director (67) – BSc Eng (Civil) PrEng

Koos founded Raubex in 1974 and has acted as Managing Director/Chief Executive Officer of the group since its inception. Prior to founding Raubex, Koos served as an engineer with the Free State and Kruger National Park roads departments for a period of nine years. He has gained valuable experience in steering Raubex through a challenging market and believes Raubex shareholders will now benefit from the labours of a cohesive and loyal management team with a common purpose and a rich skills base. Koos has over 45 years of construction experience. Koos retired as Chief Executive Officer at the end of the February 2010 financial year, but continues his involvement with Raubex as a non-executive director.

Freddie Kenney – Non-Executive Director (56)

Freddie Kenney joined Raubex (Proprietary) Limited as a director and shareholder in 2004, through the empowerment transaction with Kenworth. Freddie is widely regarded as a versatile and talented businessman in Bloemfontein, with interests in low cost housing development, retail development and construction.

Leslie Arthur Maxwell – Independent Non-Executive Director (63) – CA(SA)

Les joined Raubex as an independent non-executive director in 2007. He currently holds the position of Financial Director of JCI Limited, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. Les joined the board of JCI as an independent financial director to manage/effect the finalisation of the forensic and other financial investigations in progress, the implementation of decisions and settlements arising therefrom and the preparation and publication of consequent financial results and reports. Les, over a 19-year period, has held directorships with Fralex Limited, Fraser Alexander Limited and Joy Manufacturing Co (Proprietary) Limited, where he held the position of Financial Director.

Form of proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS OF RAUBEX GROUP LIMITED (Raubex) ONLY

I/We (Name in block letters)

Of (Address in block letters)

Being the registered holder of shares in Raubex, hereby appoint

of or failing him

of or failing him

the chairman of the meeting, as my/our proxy to vote on my/our behalf at the annual general meeting to be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 8 October 2010 at 10h00 or any adjournment as follows:

Resolutions	**In favour of**	**Against**	**Abstain**
1. Adoption of annual financial statements for the year ended 28 February 2010			
2. Re-election of following directors:			
2.1 MC Matjila**			
2.2 RJ Fourie			
2.3 F Diedrechsen**			
2.4 F Kenney**			
2.5 LA Maxwell**			
2.6 JE Raubenheimer**			
3. Not to fill the vacated office of MB Swana at this Annual General Meeting			
4. Auditors' remuneration			
5. Reappointment of PricewaterhouseCoopers Inc. as auditors of the company			
6. To approve payment of remuneration to the directors			
7. **Ordinary resolution No. 1:** To place the unissued shares in the authorised capital under the control of the directors			
8. **Ordinary resolution No. 2:** General authority to issue shares for cash			
9. **Ordinary resolution No. 3:** Approval of the Raubex Group Limited Deferred Stock Scheme			
10. **Ordinary resolution No. 4:** Approval of the limits of the Raubex Group Limited Deferred Stock Scheme, subject to approval of Ordinary resolution No. 3			
11. **Special resolution No. 1:** Authority to repurchase shares			
12. **Ordinary resolution No. 5:** Signing of documents			

***Directors who will retire at the meeting by rotation, in accordance with the Articles of Association and, being eligible, offer themselves for re-election and reappointment.*

My/our proxy has been instructed to vote in accordance with my/our wishes as indicated by the placing of a cross in the appropriate space above. Unless so instructed, my/our proxy may vote as he/she thinks fit.

Signed at this day of 2010

Signature/(s) of member/(s)

Telephone no. Cell no. Fax no.

Notes to form of proxy

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with the Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown 2107) so as to be received not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the annual general meeting of Raubex shareholders to be held at 10h00 on Friday, 8 October 2010 (the Raubex annual general meeting), but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to the Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown 2107) so as to be received by no later than 13h00 on Wednesday 6 October 2010.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex annual general meeting in person, please request you CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

General information

Nature of business and principal activities	Construction work, civil engineering and holding company
Directors	MC Matjila *(Chairman Non-executive)* RJ Fourie *(Chief Executive Officer)* F Diedrechsen *(Financial and Commercial Director)* JE Raubenheimer *(Non-executive)* F Kenney *(Non-executive)* MB Swana *(Non-executive)* LA Maxwell *(Independent non-executive)*
Registered office	Building 1 Highgrove Office Park 50 Tegel Avenue Highveld Park Centurion South Africa 0169 Tel: +27 (0)12 665 3226
Business address	Cleveley Eeufees Extension Bloemfontein South Africa 9300 Tel: +27 (0)51 406 2000
Postal address	PO Box 3722 Bloemfontein South Africa 9300
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Secretary	HE Ernst
Investor relations	College Hill Tel: +27 (0)11 447 3030
Company registration number	2006/023666/06
Website	www.raubex.co.za

ince.motiv

RAUBEX
Raubex Group Limited